

CALIFORNIA HEALTH CARE ALMANAC



Health Care Costs 101: California Addendum

MAY 2012

Introduction

Health spending represents a significant share of California’s economy, but the amounts spent on health care rank among the lowest in the nation — both per person and per Medicaid enrollee. Since reaching its peak of 9.7% in 2003, the pace of growth in health spending has been decelerating. By 2009, towards the end of the recession, spending grew 4.5%, similar to the US rate of 4.6%, and the slowest pace since 1999.

HIGHLIGHTS FOR 2009 INCLUDE:

- Health spending in California reached \$230 billion, triple 1991 levels.
- California’s per capita spending of \$6,238, was the 9th lowest in the nation. By comparison, the US spending per capita was \$6,815.
- Health spending accounted for 12.2% of California’s economy — a smaller share of the economy than most states or the nation.
- Hospital and physician services continued to account for the majority of spending, totaling 63%.
- Medicare and Medicaid accounted for nearly 40% of California health spending, up from 27% in 1991.

Notes: This publication presents information about health spending in California from 1991 to 2009, based primarily on the most recent Health Accounts by State of Residence, released in December, 2011 by the Centers for Medicare and Medicaid Services (CMS). Information by State of Provider, released concurrently, has been incorporated into assessments of health spending’s share of state economic activity. CMS releases state level health spending every few years; the 2009 figures presented here represent the first update since the 2004 information.

The national companion analysis, *Health Care Costs 101*, is available at www.chcf.org. In contrast to the national analysis, the California state addendum provides information about spending at the personal health care (PHC) level, which excludes certain categories of spending (research, structures and equipment, government public health activities, and program administration, and the net cost of health insurance) available and reported at the national level.

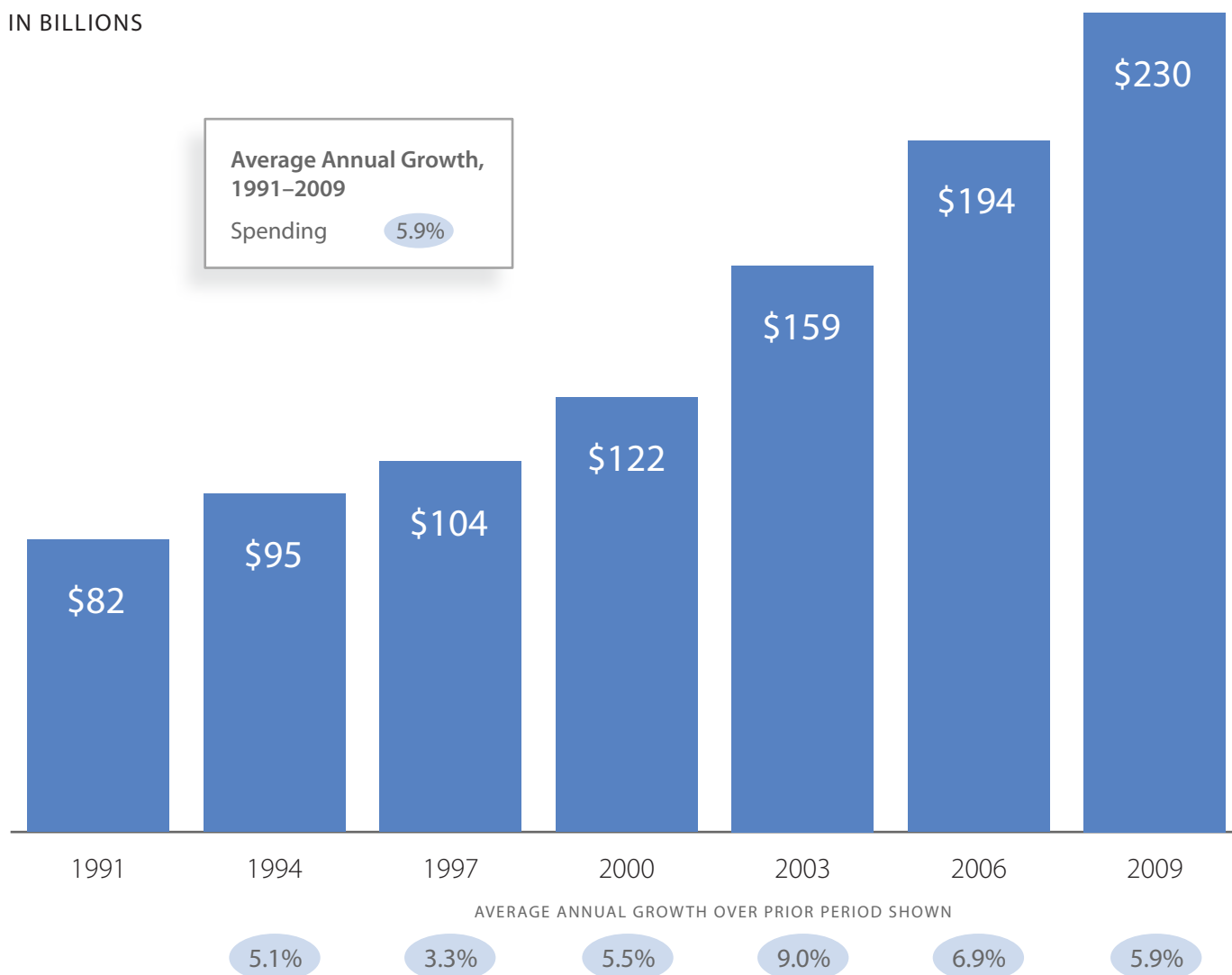
CONTENTS

Spending Levels.....	3
Spending Categories	5
Per Capita Spending.....	7
Growth Trends.....	12
Payment Sources.....	18
Data Resources.....	29
Appendices	30

California Health Spending,*

1991 to 2009, selected years

IN BILLIONS



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

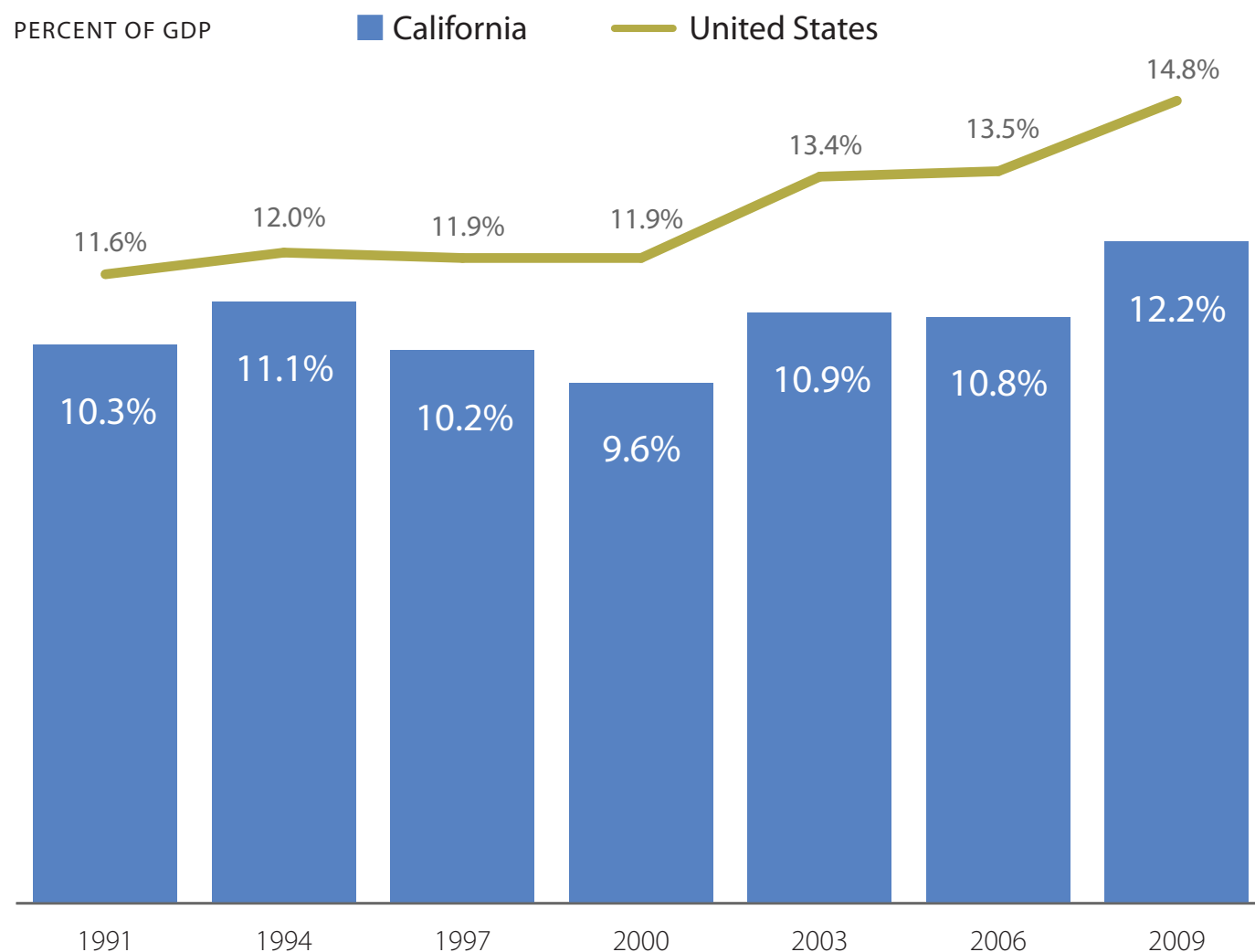
Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991-2009, www.cms.gov.

Health Care Costs 101

Spending Levels

Spending on personal health care in California reached \$230 billion in 2009, nearly three times the 1991 levels. Growth has slowed some in recent years.

Health Spending* as a Share of the Economy, California vs. the United States, 1991 to 2009, selected years



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Notes: Spending relative to the economy is computed here based on PHC, the most comprehensive measure available at the state level. In many publications, US health spending as a share of GDP is based on national health expenditures, a metric which includes additional spending categories, such as construction, public health activities, and administration.

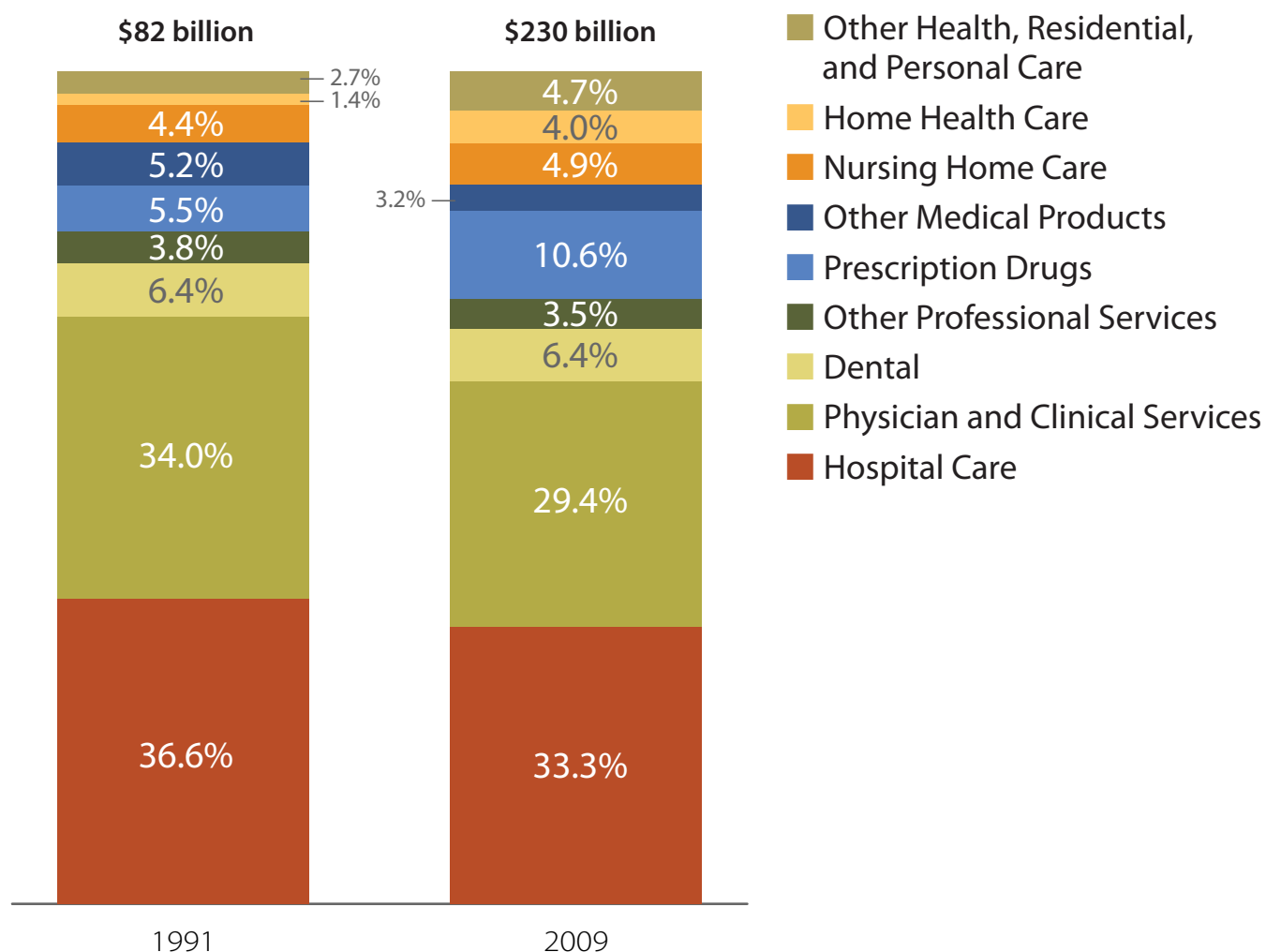
Source: CMS, Office of the Actuary, State Health Expenditures by State of Provider, 1980–2009, www.cms.gov.

Health Care Costs 101

Spending Levels

In 2009, health spending accounted for 12.2% — or about one eighth — of California's economy, a smaller share than nationwide. This gap has become larger over time, with health care's share of the California economy advancing 1.9 percentage points since 1991, compared to 3.2 points nationally.

Health Spending* Distribution, by Category, California, 1991 vs. 2009



Health Care Costs 101

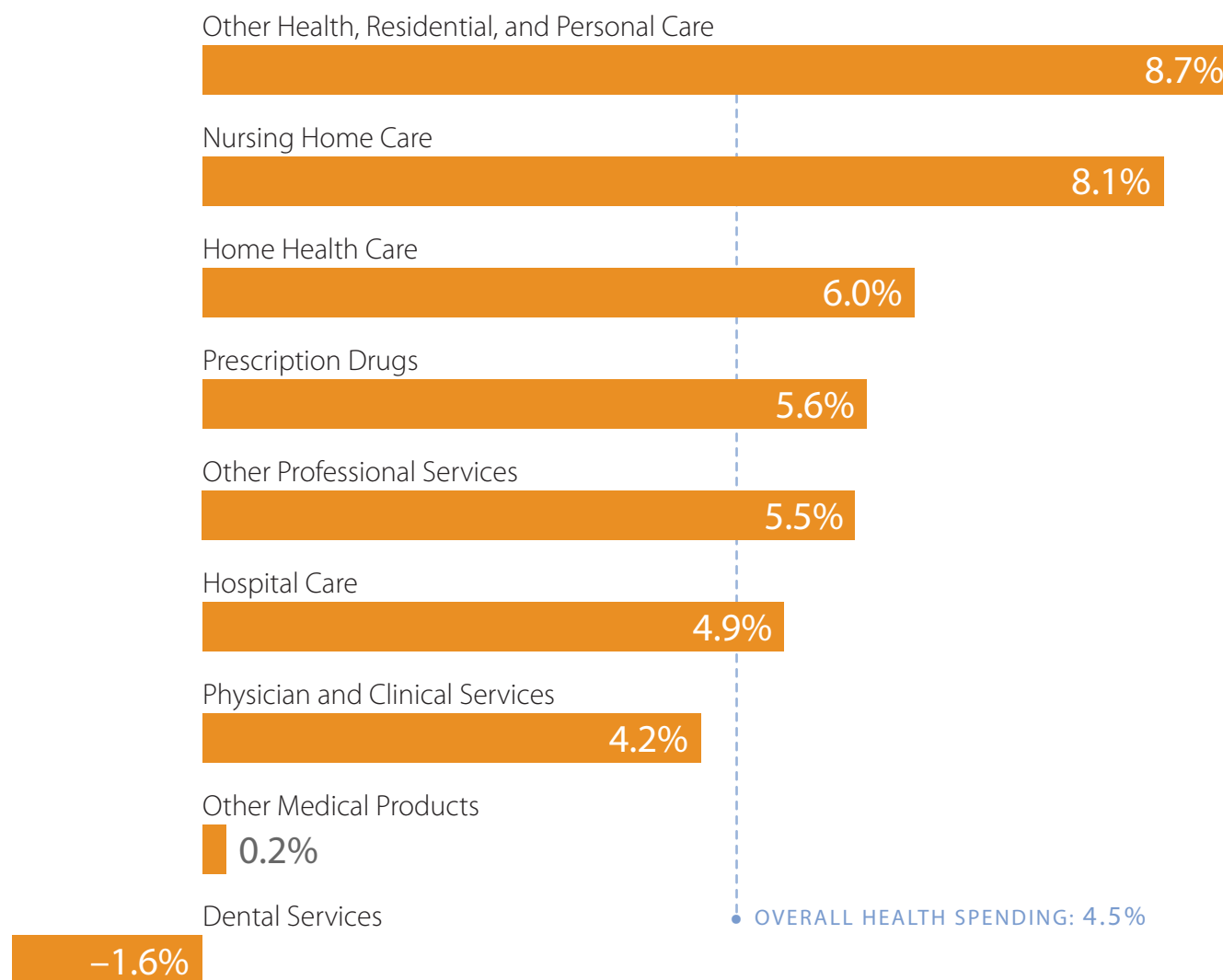
Spending Categories

The largest share of the health care dollar in California continues to be spent on hospital services, followed by physician services. Since 1991, the share spent in some areas has increased, such as in prescription drugs and home health care, while the allocation for hospital and physician services has declined.

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Annual Change in Health Spending,* by Category, California, 2009



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Health Care Costs 101

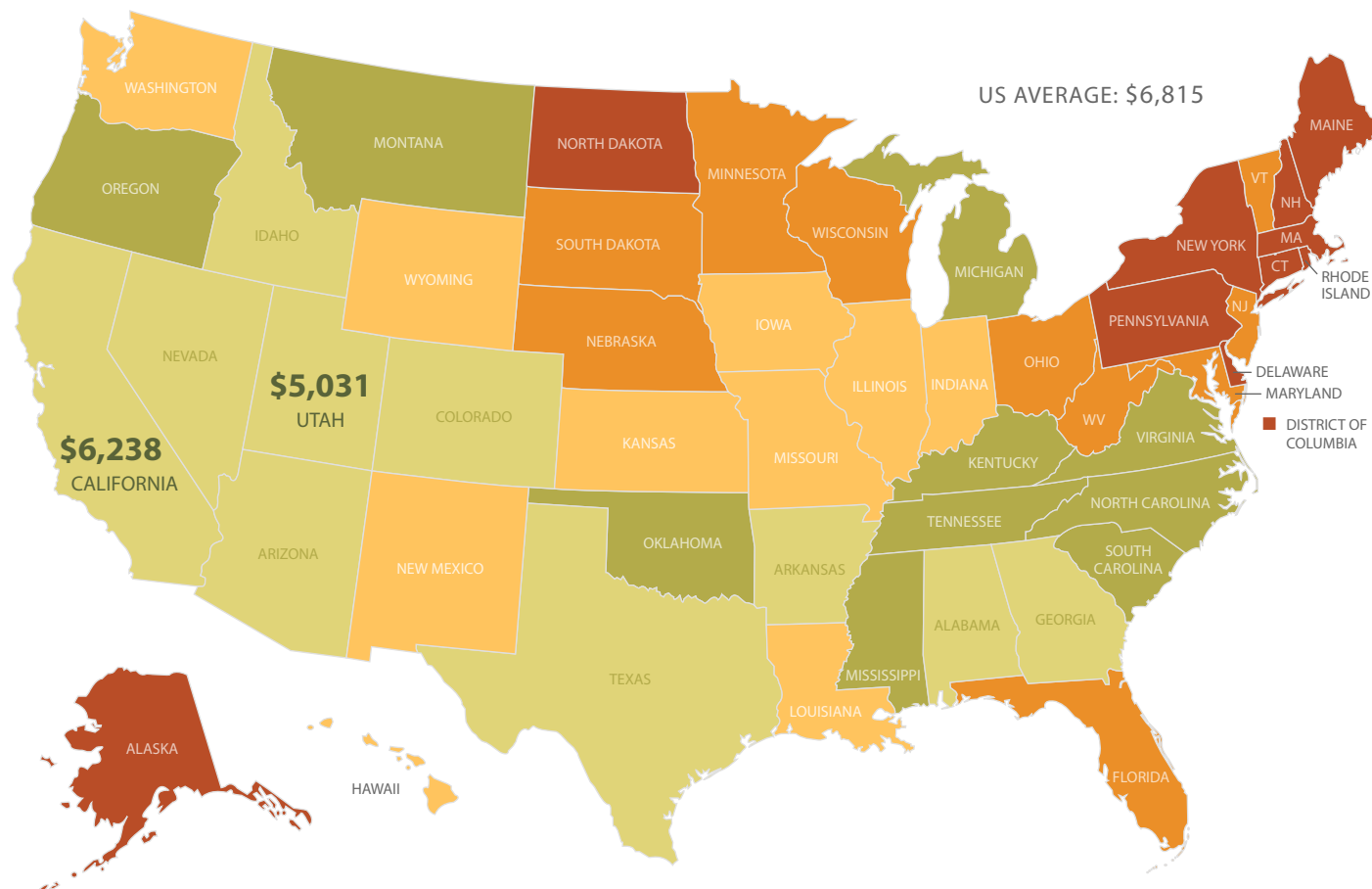
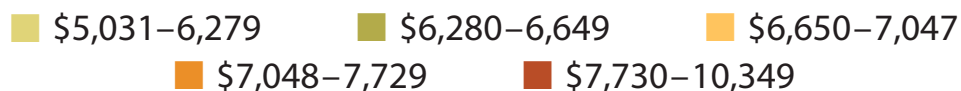
Spending Categories

Spending on nursing home care, home health care, and other care grew faster than other spending categories. Spending on dental services actually declined in 2009.

Note: Other Professional Services consists of services provided in establishments operated by health practitioners other than physicians or dentists. Other Medical Products consists of durable and non-durable goods, excluding prescription drugs. Other Health, Residential, and Personal Care includes care provided in non-traditional settings, such as schools, field service hospitals, ambulances, substance abuse facilities. For additional details on definitions, see www.cms.gov.

Per Capita Health Spending,* by State of Residence, 2009

Spending by Quintile:



Health Care Costs 101

Per Capita Spending

In 2009, California's health spending of \$6,238 per capita was among the lowest in the country. Generally, the lowest per capita states have lower per capita income, higher uninsured rates, and younger residents.

	CA	US
Per Capita Income (in thousands)	\$41.4	\$38.8
Uninsured Population	20.0%	16.7%
Population Over Age 65	11.4%	13.0%

*See Appendix A for table of per capita spending levels for each state.

Sources: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.
Martin Cuckler, Anne Martin, et al, "Health Spending by State of Residence, 1991–2009," *Medicare and Medicaid Research Review*, 2011: Vol. 1, No. 4.

Per Capita Health Spending,*

Selected States, 2009



Health Care Costs 101

Per Capita Spending

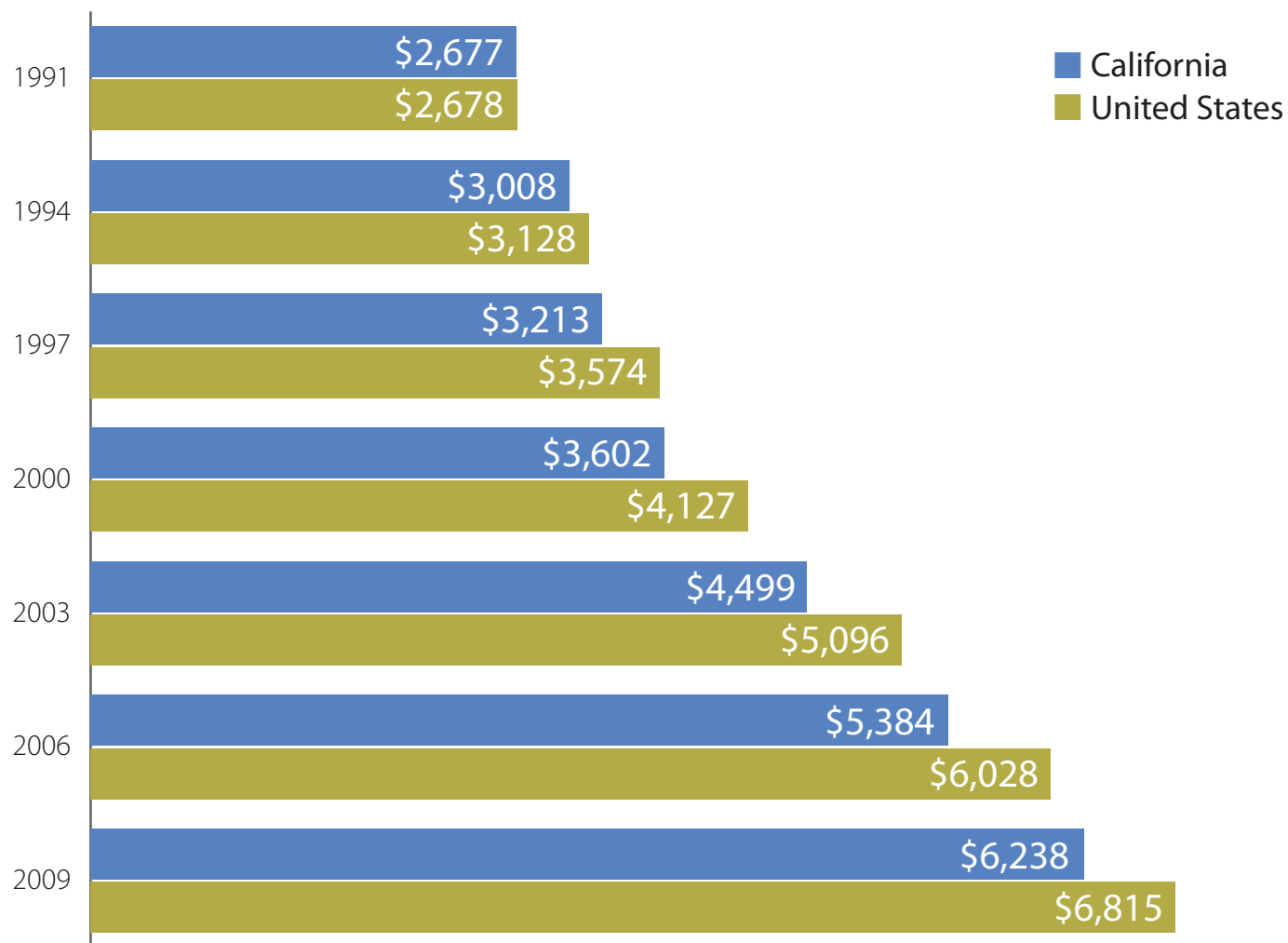
At \$6,238 per year, California's health spending per capita ranks as the 9th lowest in the country. Per capita spending varied substantially by state, with Utah at 74% and the District of Columbia at 152% of the US level.

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Per Capita Health Spending,*

California vs. the United States, 1991 to 2009, selected years



Health Care Costs 101

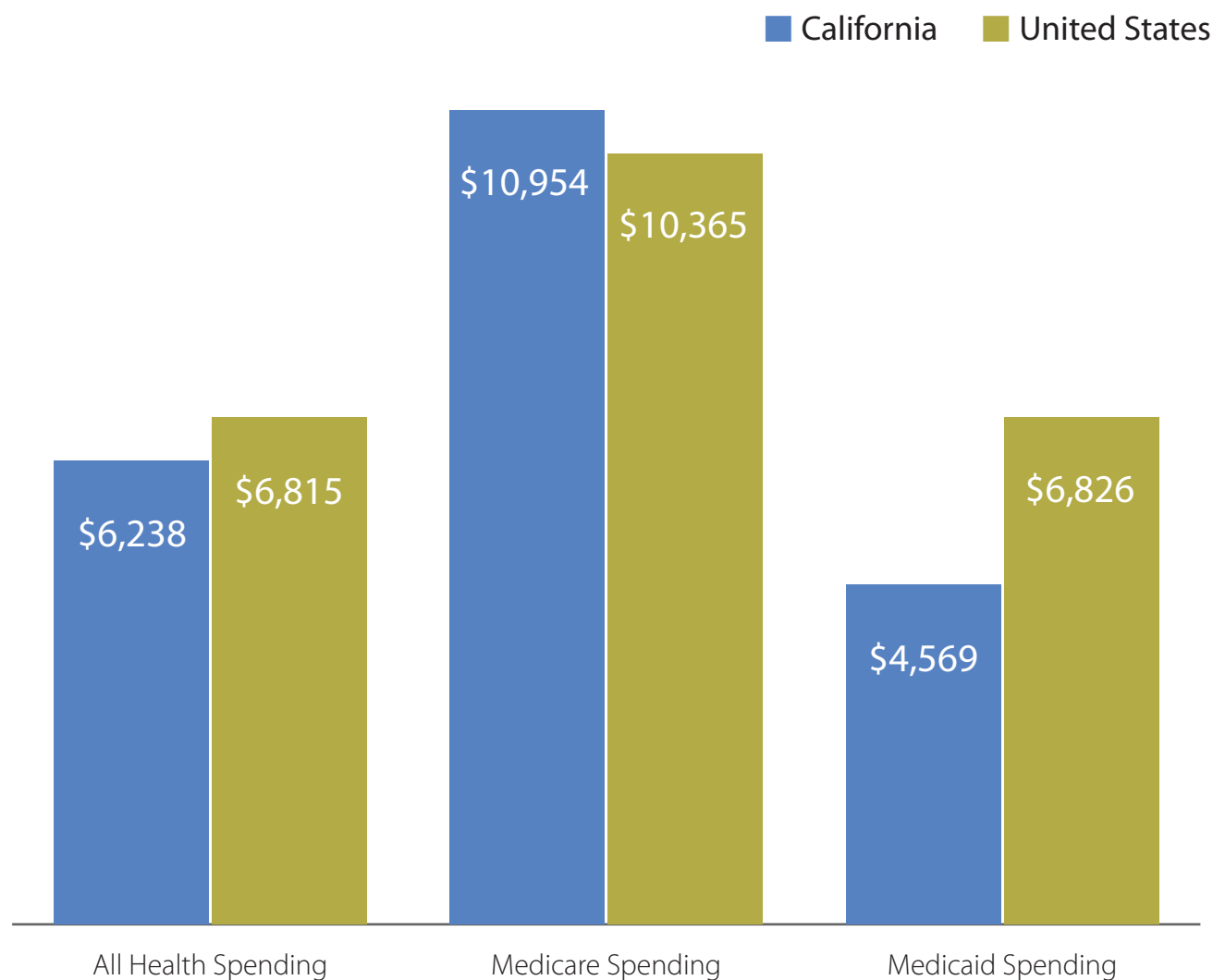
Per Capita Spending

Since 1991, per capita health spending levels in California have fallen below US levels.

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Per Capita Health Spending* Per Year, by Payer, California vs. the United States, 2009



Health Care Costs 101

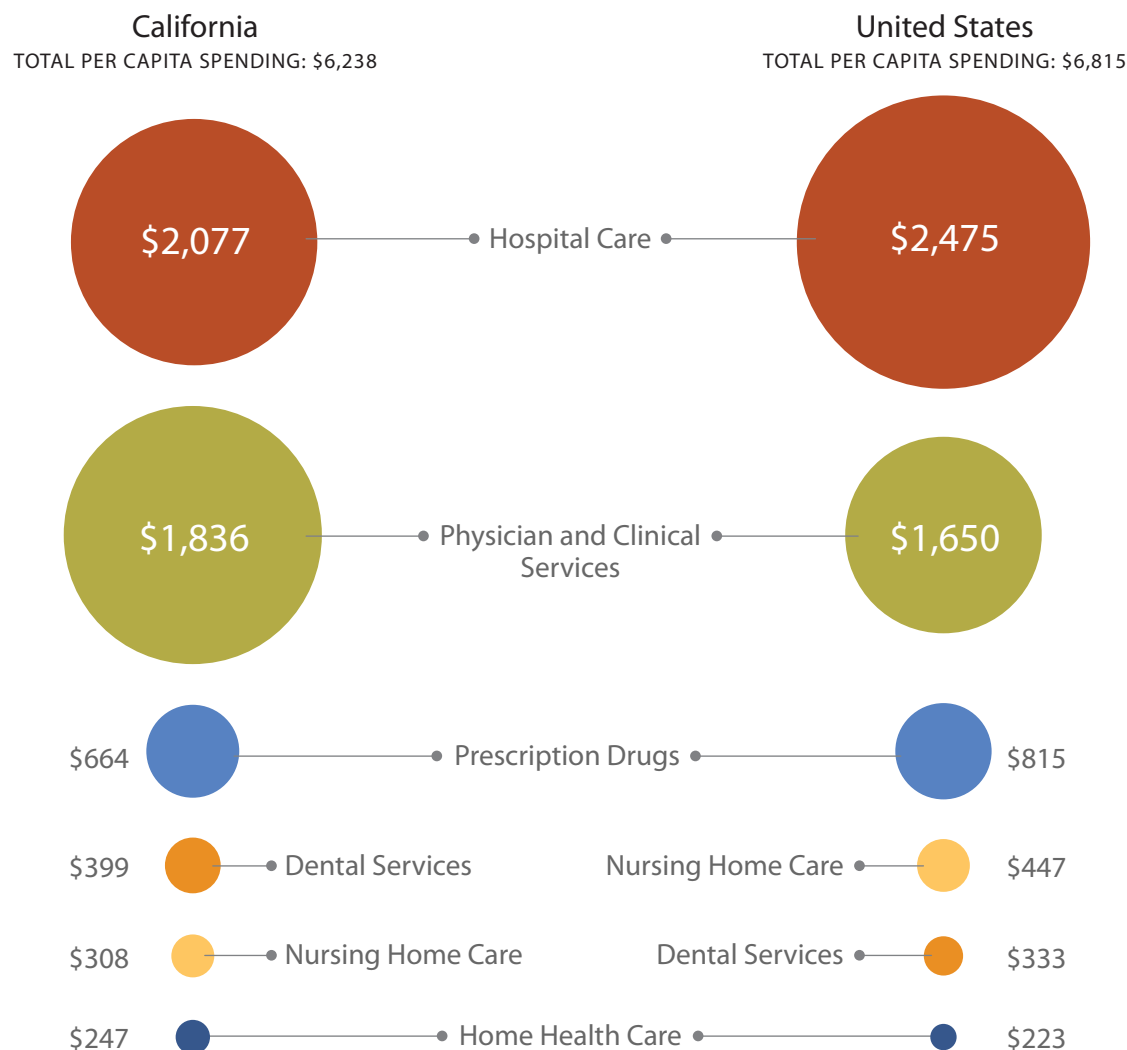
Per Capita Spending

While Medicare spending per enrollee in California was slightly higher than US levels, Medicaid spending per enrollee was much lower than the nation.

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Per Capita Health Spending,* by Category, California vs. the United States 2009



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.
Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Health Care Costs 101

Per Capita Spending

Compared to the US, California spent less per capita on hospital, drugs and nursing home care, but more on physician services. Lower hospital spending is likely due to California's younger population and higher managed care penetration.

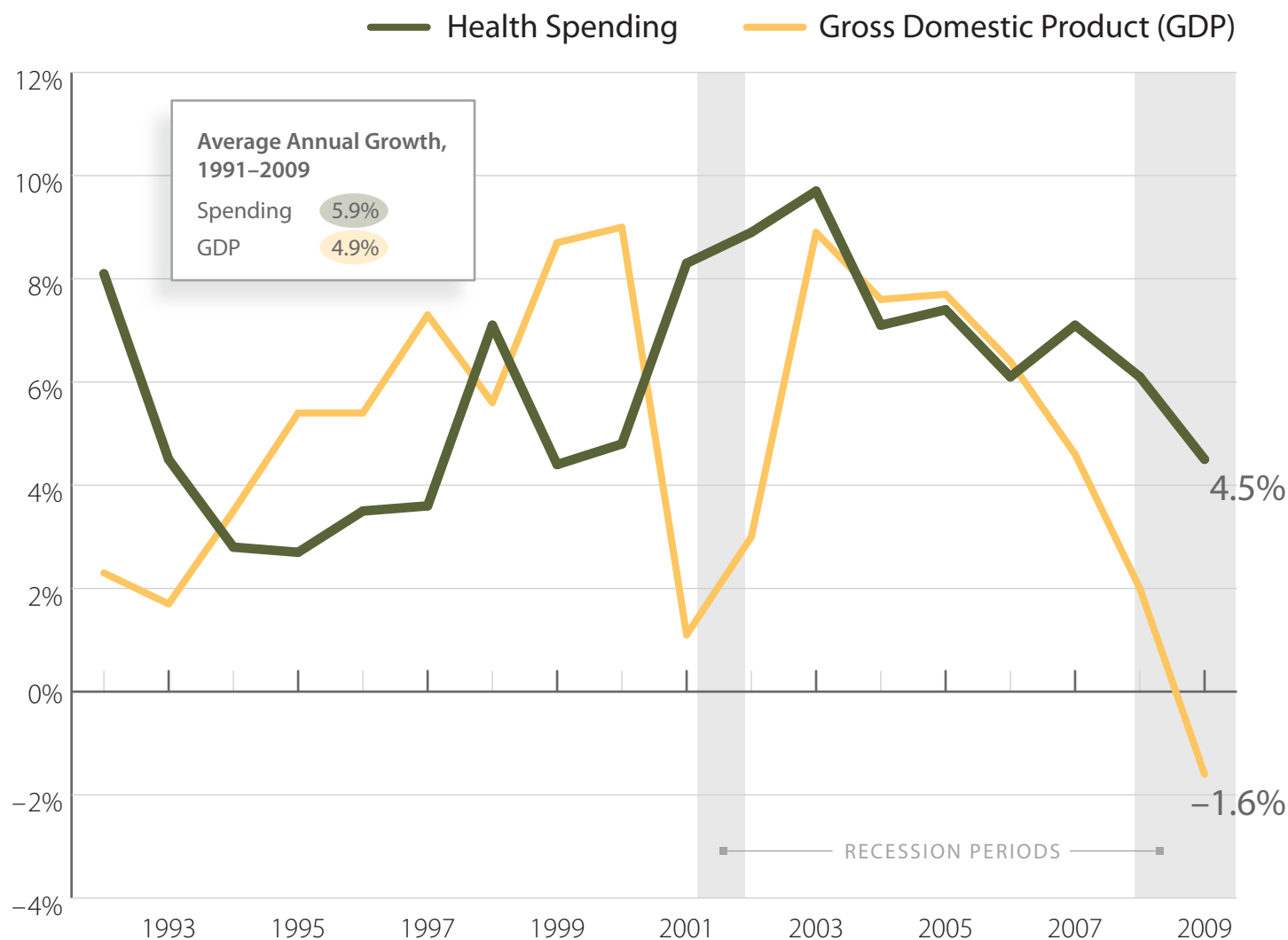
Note: Categories not shown: Other Professional Services (CA: \$216, US: \$218); Other Medical Products (CA: \$199, US: \$255); and Other Health, Residential, and Personal Care (CA: \$292, US: \$400).

Annual Growth Rates, Health Spending* vs. the Economy, California, 1991 to 2009

Health Care Costs 101

Growth Trends

While health spending growth has slowed since 2003, the state's economic output has experienced an even greater decline.



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

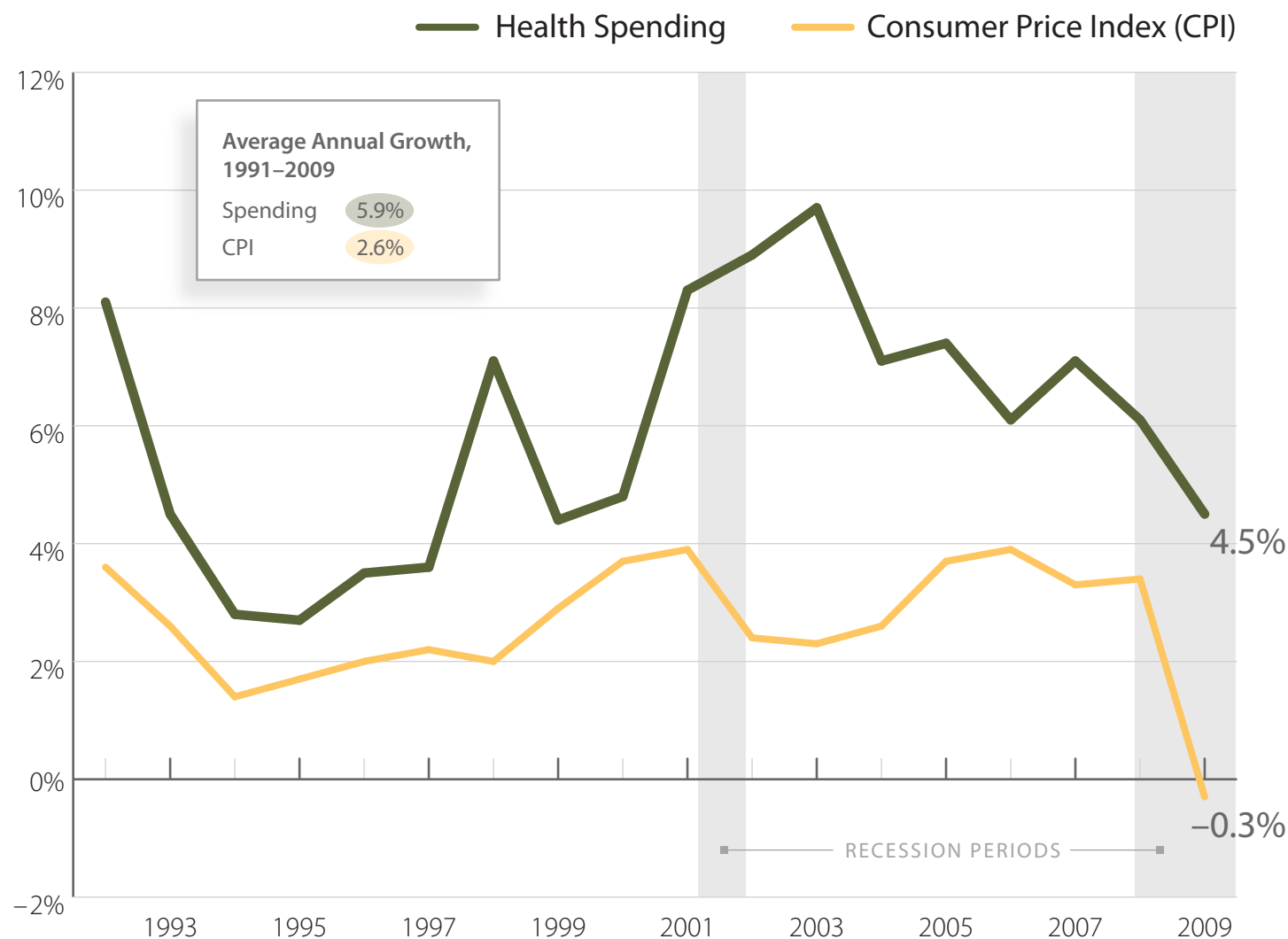
Source: CMS, Office of the Actuary, State Health Expenditures by State of Provider, 1980–2009, www.cms.gov.

Annual Growth Rates, Health Spending* vs. Inflation, California, 1991 to 2009

Health Care Costs 101

Growth Trends

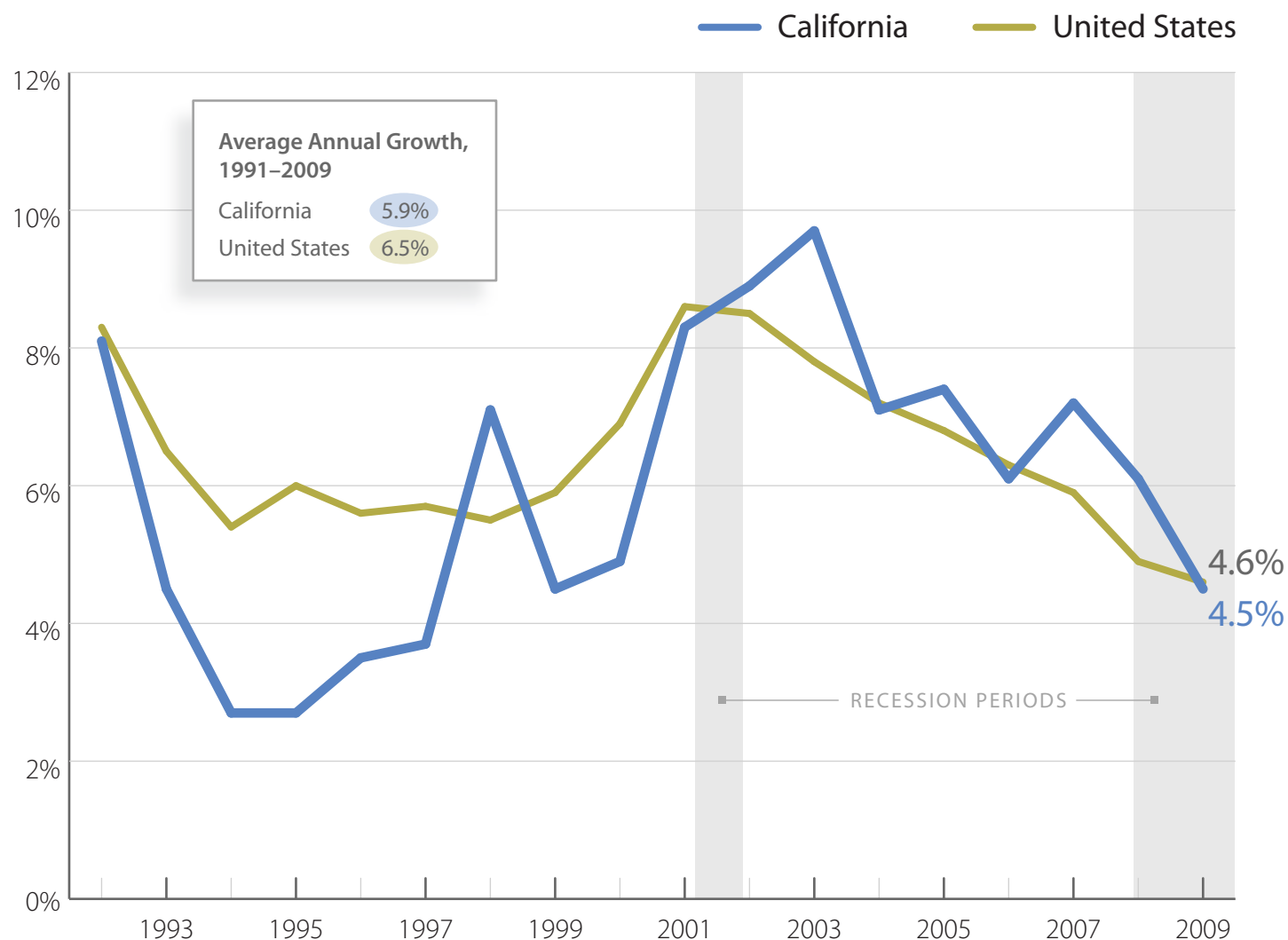
Historically, growth in health spending has consistently outpaced inflation. During the 2007–2009 recession overall consumer prices declined and health care spending growth slowed.



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Sources: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov. California Department of Finance, Consumer Price Index, All Urban Consumers, Calendar Year Averages, www.dof.ca.gov.

Health Spending* Growth, California vs. the United States, 1991 to 2009



Health Care Costs 101

Growth Trends

In California, health spending growth has been slowing since its peak in 2003. Health care costs declined more rapidly in the 2007–2009 recession than in the previous recession.

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Note: Growth computations based on aggregate spending.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Health Spending* and Growth, by Category, California, 1991 to 2009, selected years

Health Care Costs 101

Growth Trends

Spending on home health care and prescription drugs showed the largest average annual growth between 1991 and 2009.

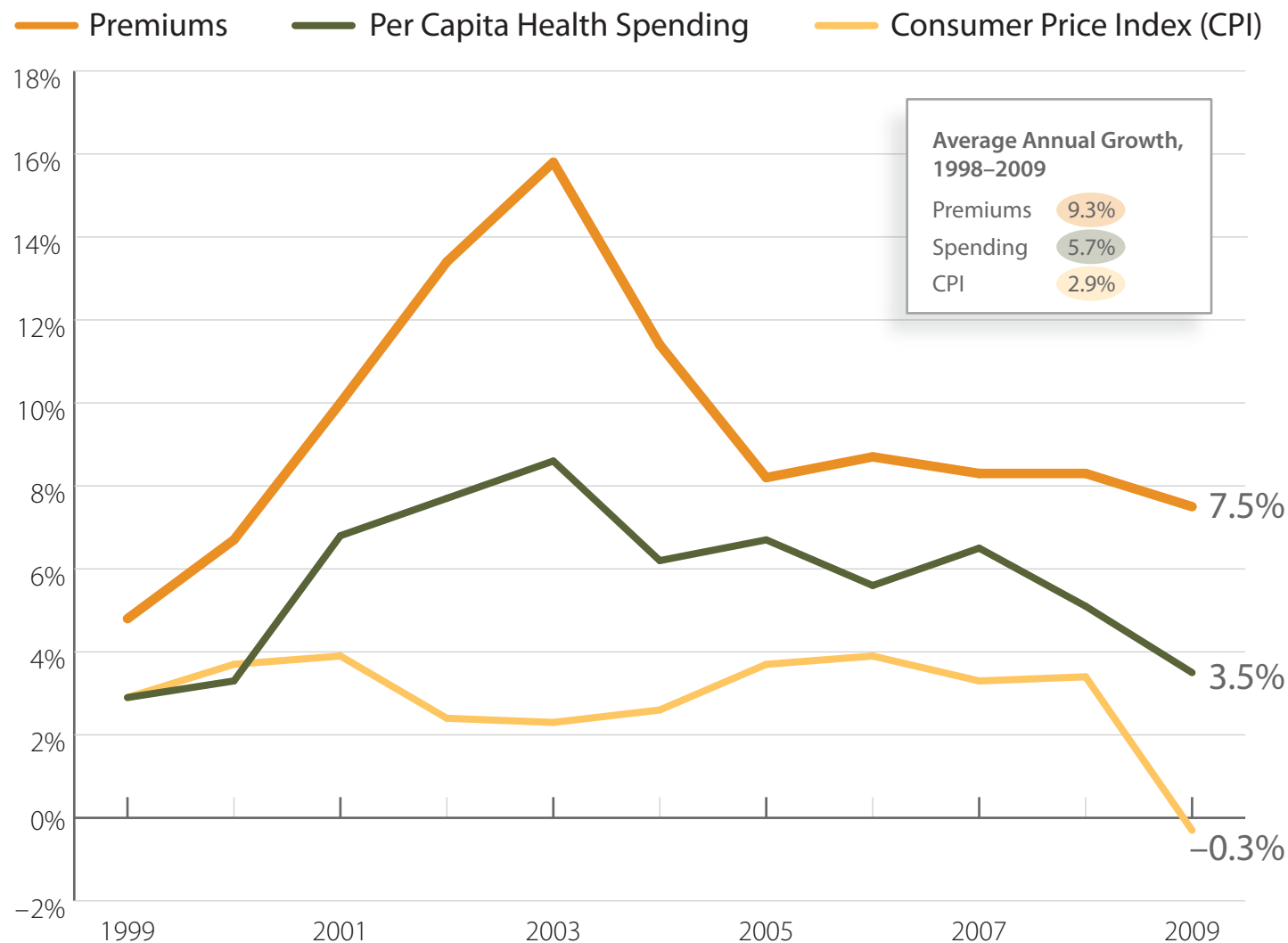
	SPENDING LEVELS (in millions)			GROWTH RATE	
	1991	2008	2009	2008–2009	AVERAGE ANNUAL 1991–2009
Personal Health Care	\$81,577	\$220,099	\$230,090	4.5%	5.9%
Hospital Care	29,897	73,083	76,628	4.9%	5.4%
Physician and Clinical Services	27,696	65,004	67,727	4.2%	5.1%
Other Professional Services	3,080	7,562	7,975	5.5%	5.4%
Dental Services	5,241	14,946	14,712	–1.6%	5.9%
Home Health Care	1,158	8,600	9,113	6.0%	12.1%
Prescription Drugs	4,474	23,187	24,492	5.6%	9.9%
Other Medical Products	4,244	7,307	7,323	0.2%	3.1%
Nursing Home Care	3,597	10,510	11,360	8.1%	6.6%
Other Health, Residential, and Personal Care	2,188	9,901	10,760	8.7%	9.3%

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Note: Categories may not sum to Personal Health Care due to rounding.

Sources: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Annual Growth in Premiums,* Per Capita Health Spending[†] and Inflation, California, 1998 to 2009



*Premium growth reflects California employment-based private health insurance coverage for families.

†Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Sources: CHCF/NORC, *California Employer Health Benefits Survey*, 2011, www.chcf.org. California Department of Finance, Consumer Price Index (All Urban Consumers) Annual Averages. CMS, Office of the Actuary, *State Health Expenditures by State of Residence, 1991–2009*, www.cms.gov.

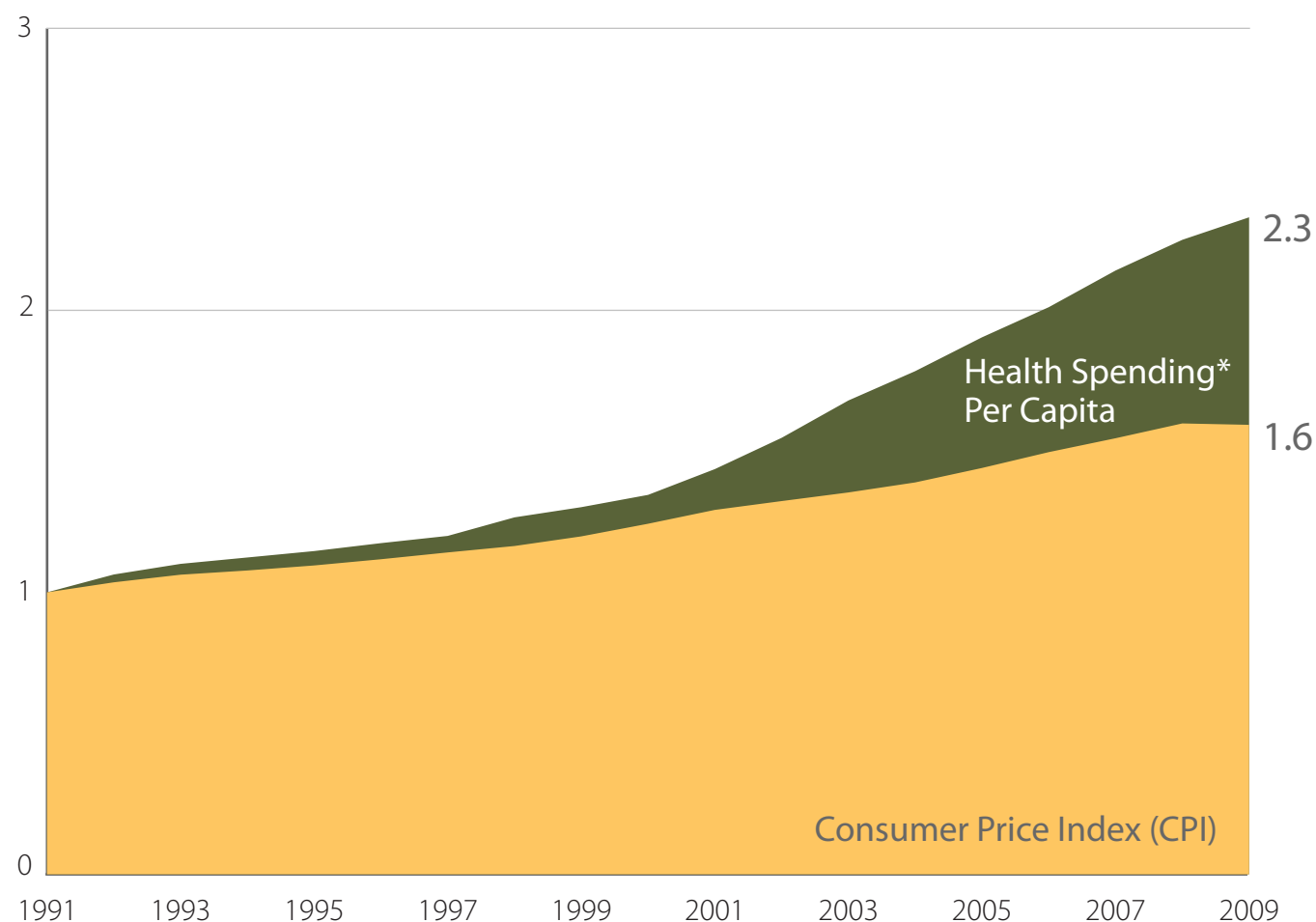
Health Care Costs 101

Growth Trends

Premium growth consistently outpaced growth in both health spending per capita and consumer prices.

Cumulative Impact of Growth Rates, California, 1991 to 2009

TIMES MORE EXPENSIVE THAN IN 1991



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Health Care Costs 101

Growth Trends

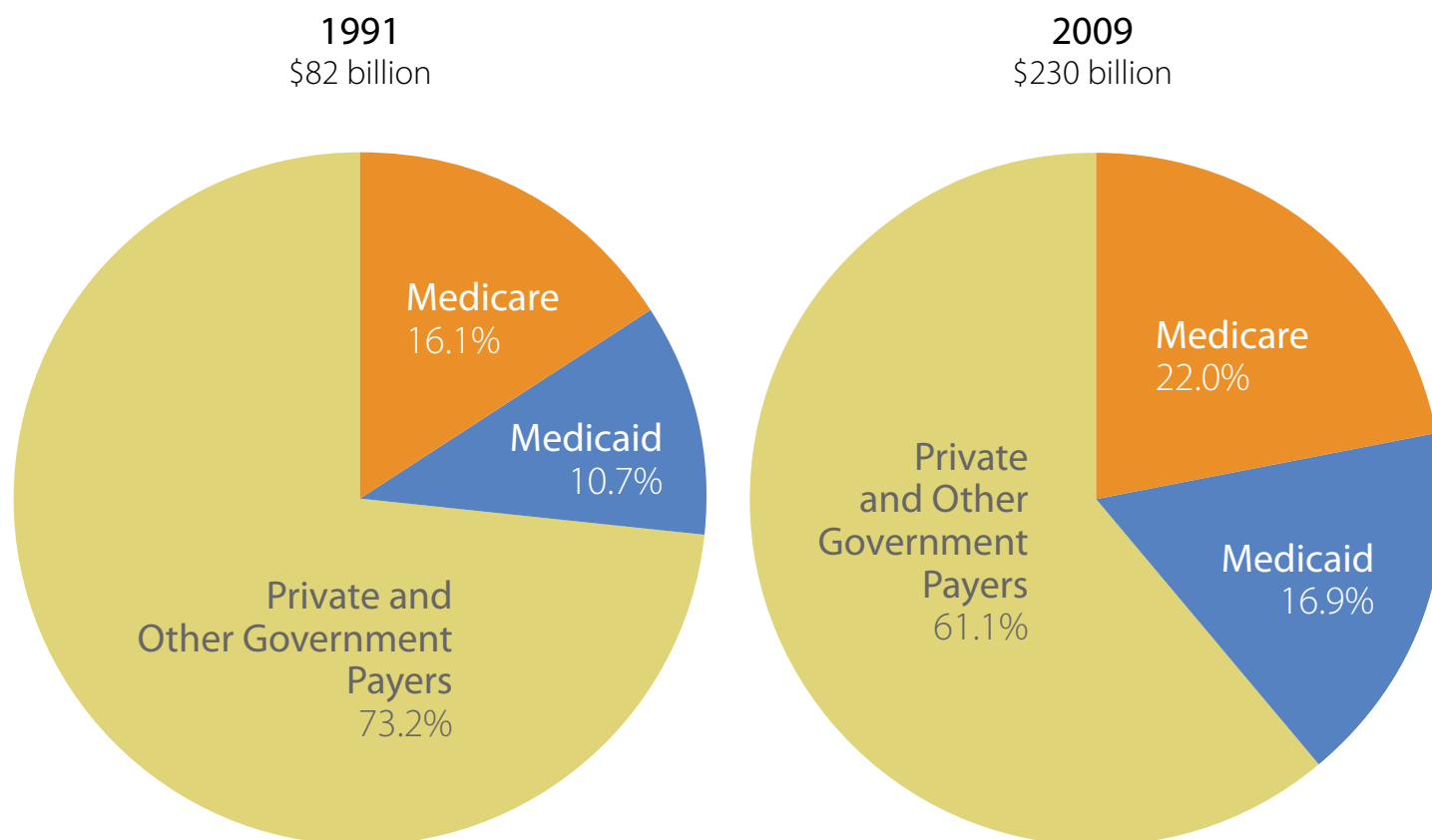
The impact of faster growth rates accumulates over time. By 2009, health spending per person had grown to 2.3 times 1991 levels, while consumer prices generally, as measured by the CPI, were 1.6 times higher.

Health Spending* Distribution, by Payer, California, 1991 vs. 2009

Health Care Costs 101

Payment Sources

The Medicare and Medicaid share of health spending has increased since 1991; in 2009, these programs accounted for nearly 40% of health care spending in California, almost identical to their national share (data not shown).

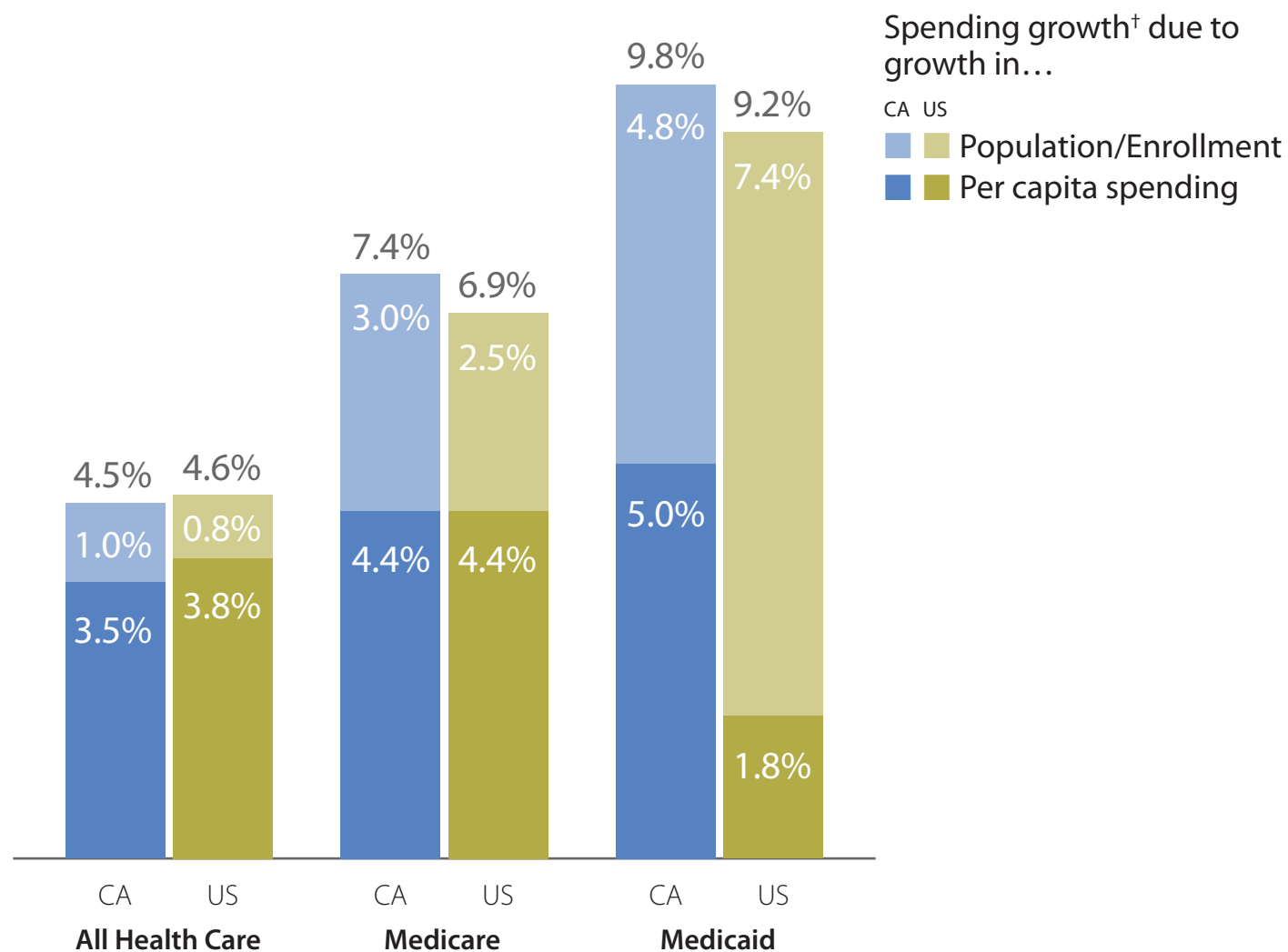


*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Note: Private payers include insurance and consumers (out-of-pocket spending on copays, coinsurance, and uncovered goods and services); other government includes Veterans Affairs and Department of Defense spending and the Childrens Health Insurance Program (CHIP).

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Change in Health Spending* Levels, by Payer and Reason, California vs. the United States, 2009



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

†Spending growth in 2009 refers to the percent change in 2009 aggregate spending levels over 2008 levels. Two components to this increase are shown: the increase in spending per capita (or per Medicare or Medicaid enrollee), and the increase in spending related to increases in population or enrollment. Spending growth related to population and enrollment increases is a residual, and reflects the difference between total and per capita spending growth. See Appendix C for additional comparisons of aggregate and per capita growth.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Health Care Costs 101

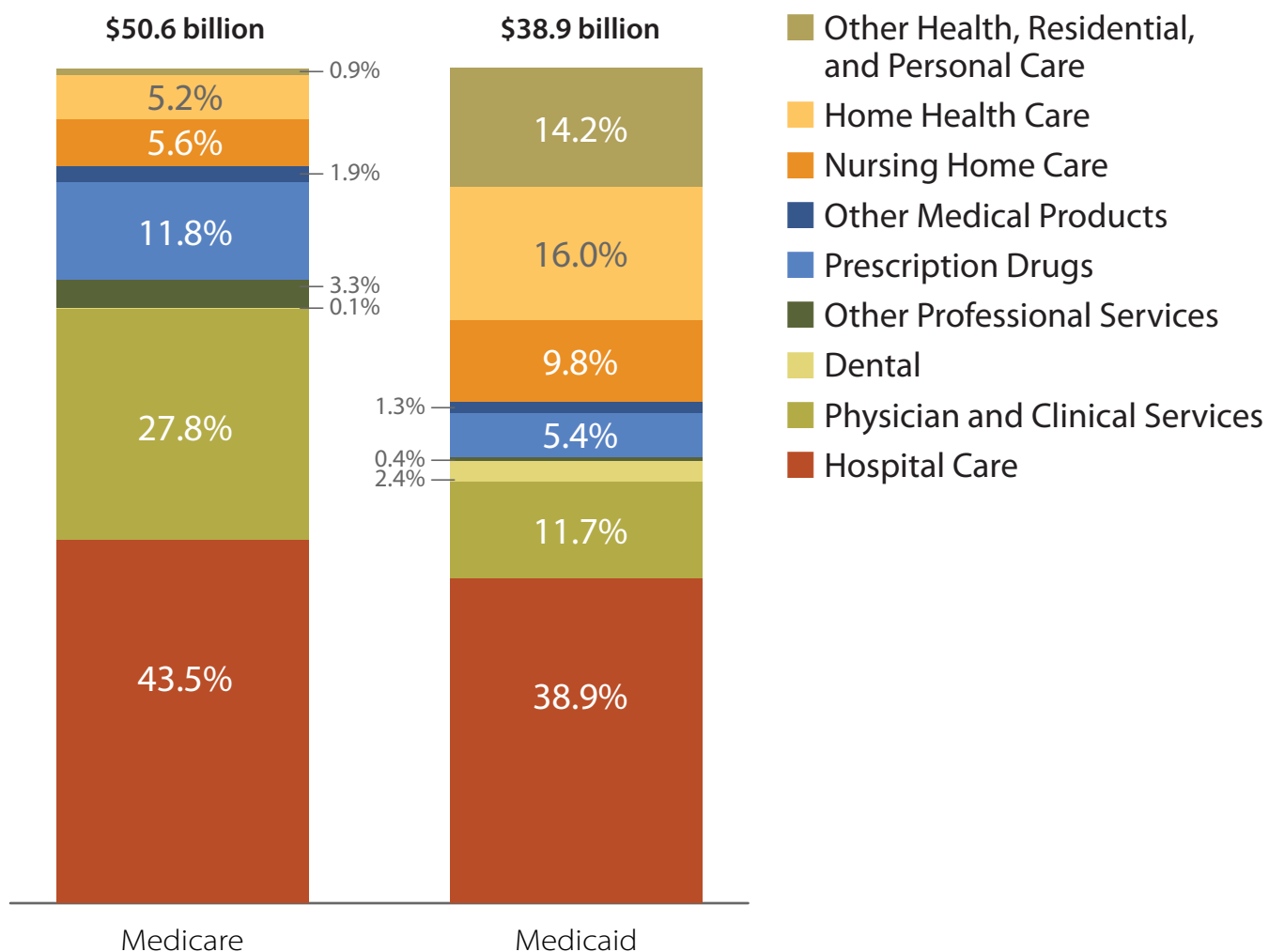
Payment Sources

Health spending grows due to both increases in the amount spent per person and increases in population. Medicare and Medicaid experienced higher increases in overall spending largely due to 2009 increases in enrollment. That is, while spending on Medicare, at 7.4%, and Medicaid, at 9.8%, grew faster than overall health spending, some of the difference can be explained by increases in the number of people covered.

Health Care Spending* Distributions, by Category, Medicare and Medicaid, California, 2009

Health Care Costs 101

Payment Sources



At 43.5%, by far the greatest share of the Medicare dollar was spent on hospital care, followed by physician services and prescription drugs. Medicaid too, spent the largest share of its funds on hospital care, but allocated more to home health care and to other health, residential, and personal care than to physician and clinical services.

Note: Figures may not total 100% due to rounding.

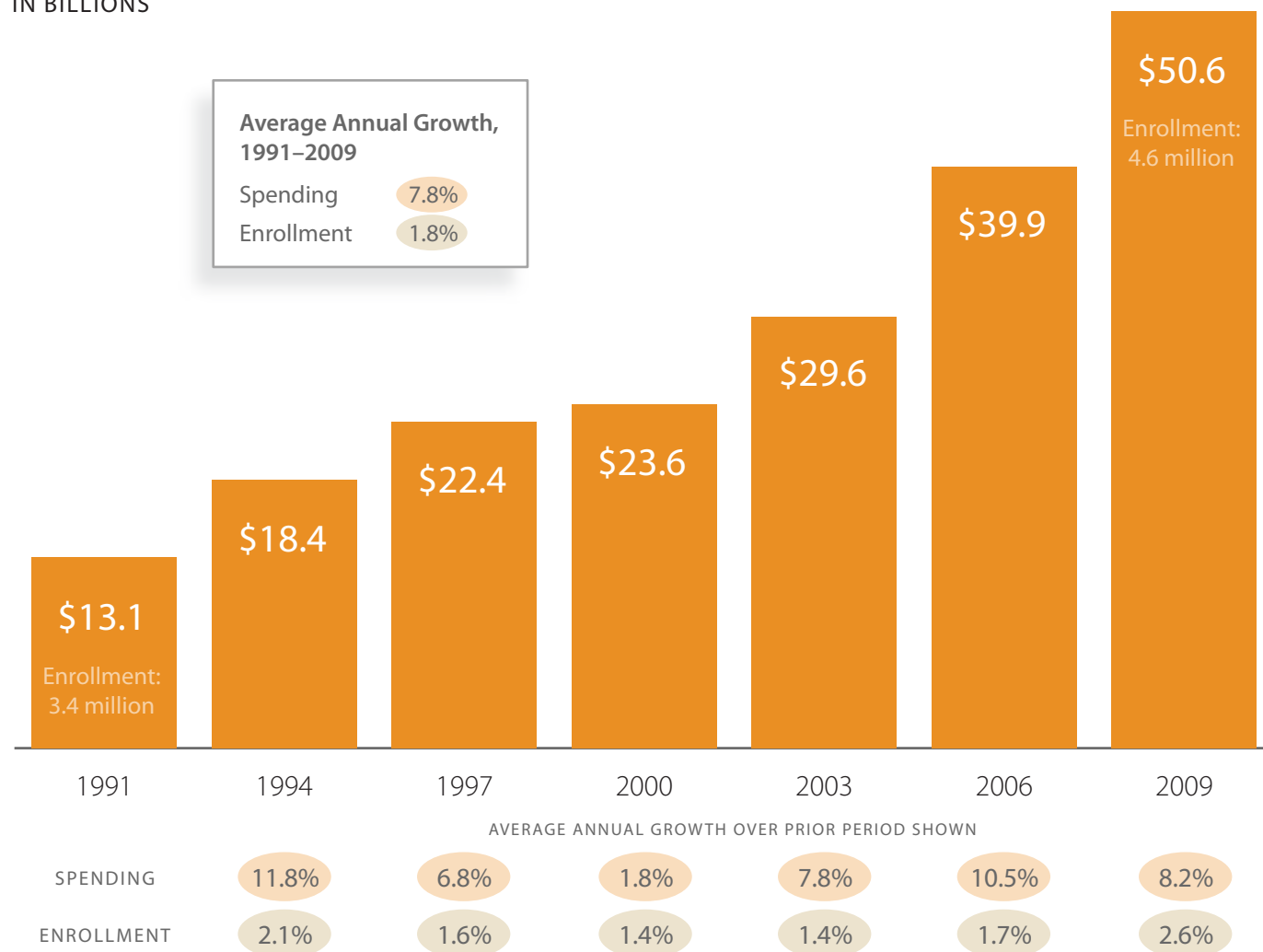
*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Medicare Health Spending,*

California, 1991 to 2009, selected years

IN BILLIONS



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

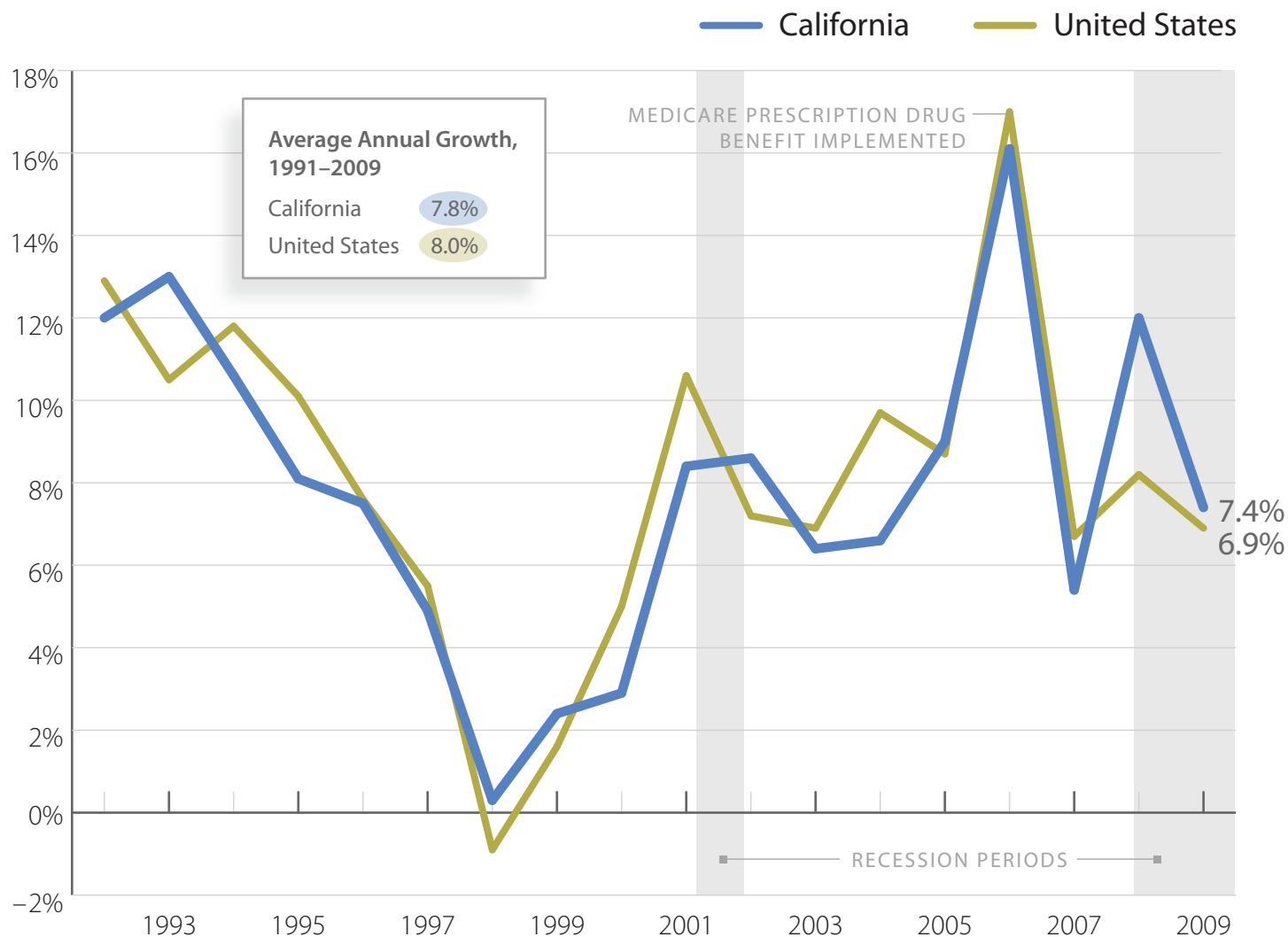
Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Health Care Costs 101

Payment Sources

Medicare paid for \$50.6 billion in services for California residents in 2009. Despite an expanding elderly population, enrollment growth accounts for only a portion of the spending increases.

Medicare Health Spending* Growth, California vs. the United States, 1991 to 2009



Health Care Costs 101

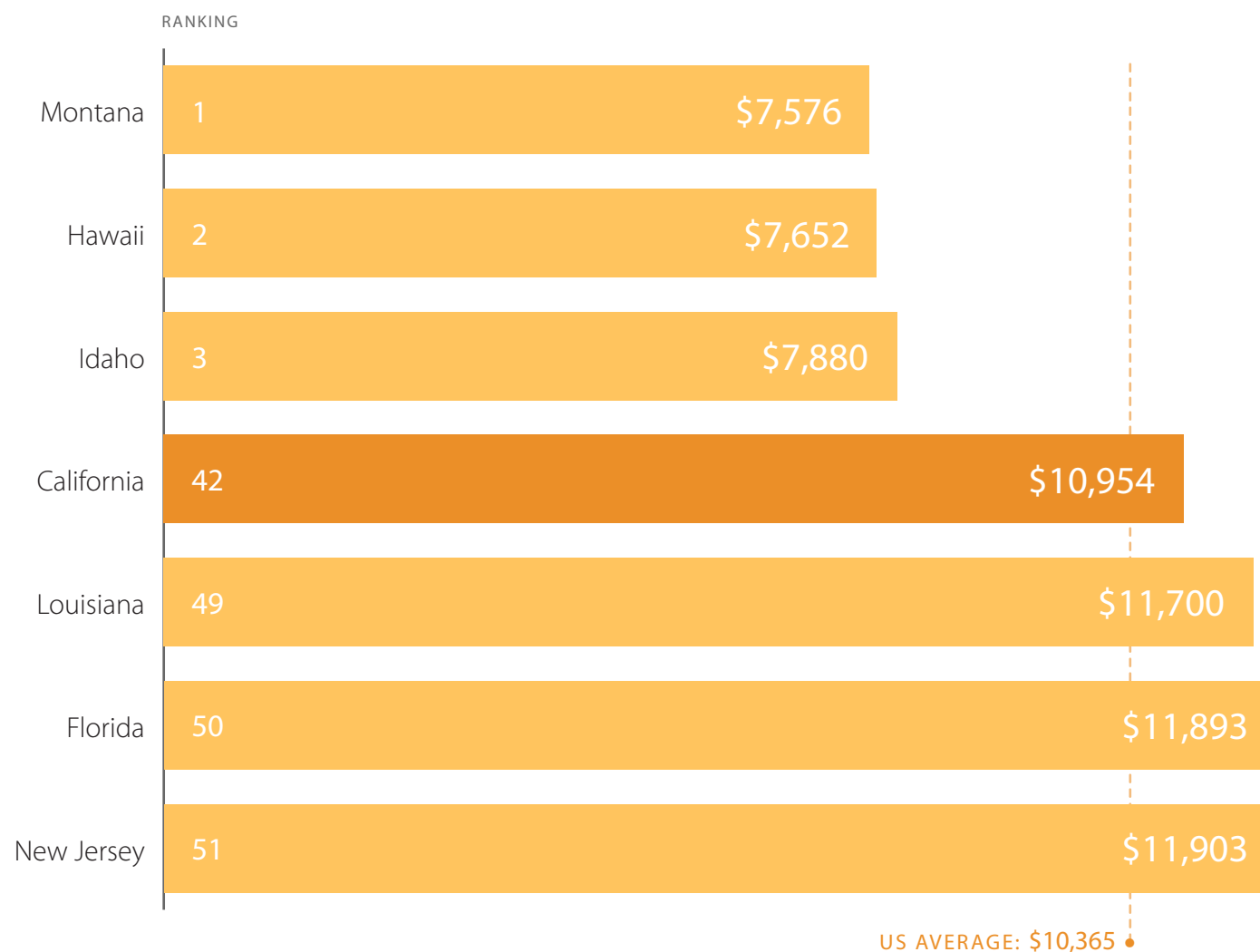
Payment Sources

Medicare spending growth in California generally mirrors US patterns. In 2006, Medicare benefits expanded as Medicare Drug coverage through Part D was implemented, resulting in a one-time bump to Medicare spending.

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Medicare Health Spending* Per Enrollee, Selected States, 2009



Health Care Costs 101

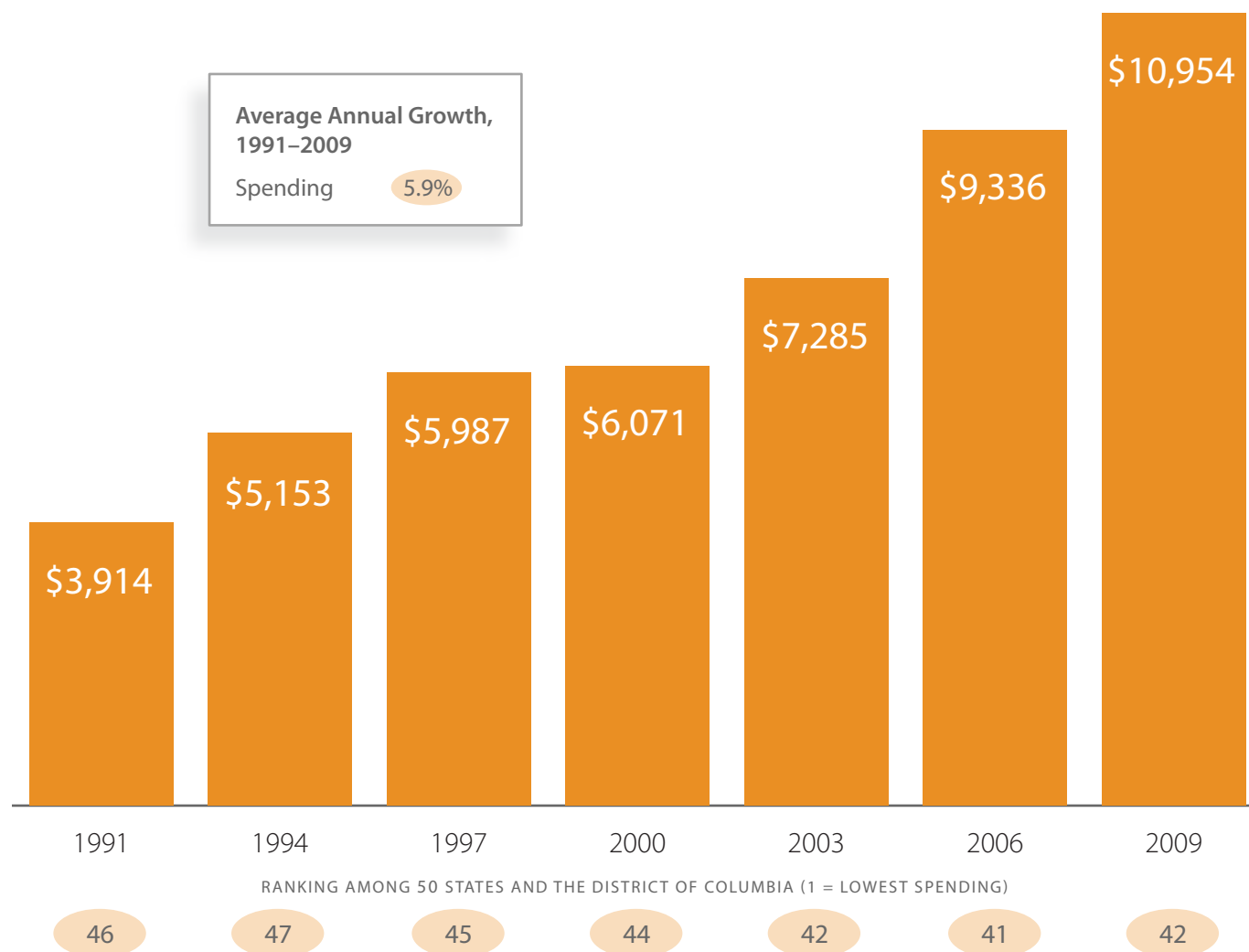
Payment Sources

Medicare spending per enrollee ranged from \$7,576 in Montana to \$11,903 in New Jersey. California's nearly \$11,000 per Medicare enrollee placed it 42nd in the nation, 6% higher than the US average.

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Medicare Health Spending* Per Enrollee, California, 1991 to 2009, selected years



Health Care Costs 101

Payment Sources

California's Medicare spending per enrollee has been consistently higher than most states, ranking among the ten highest spenders each year. Per enrollee costs increased an average of 5.5% over the past three years and 5.9% since 1991.

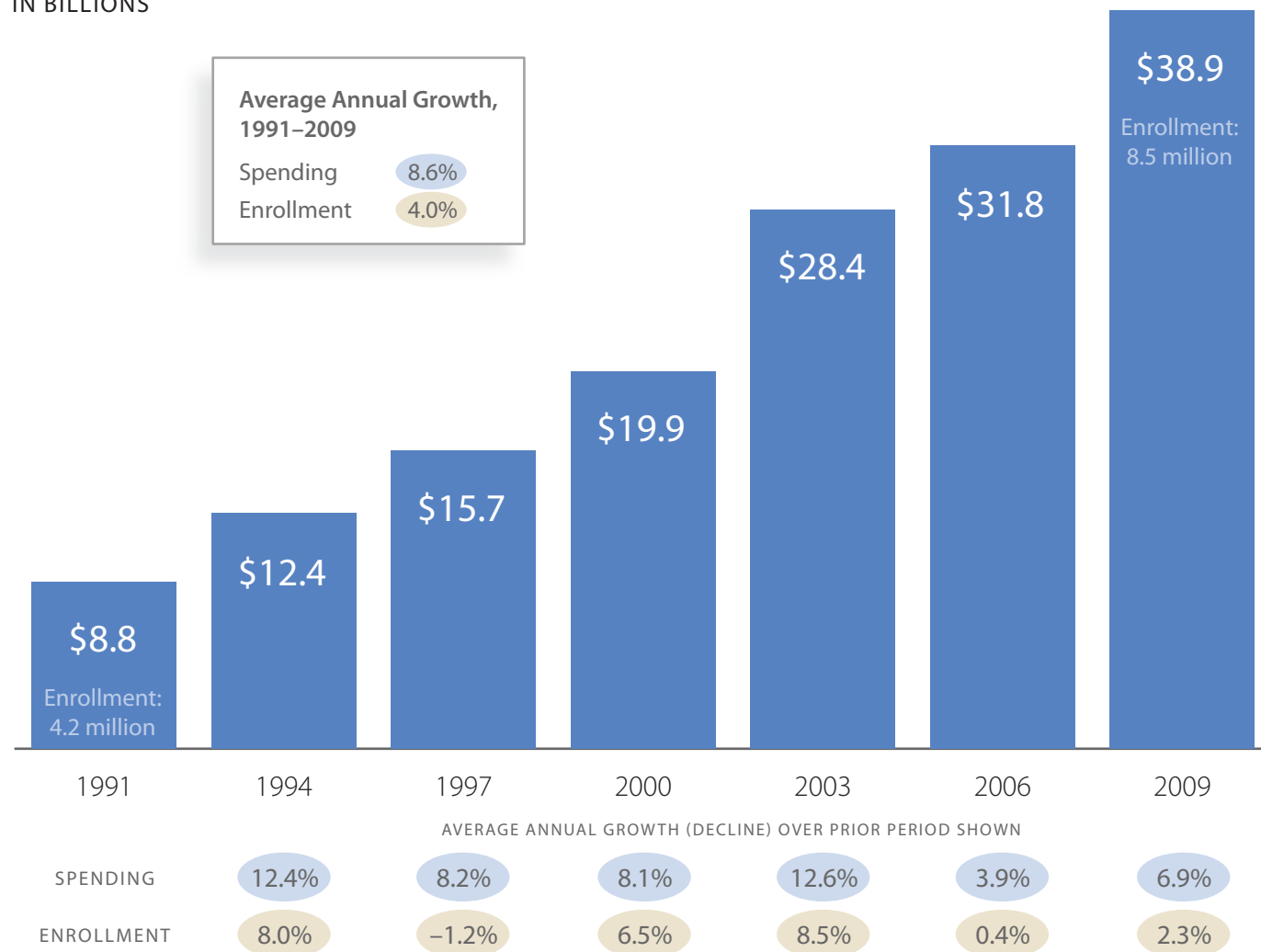
*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Medicaid Health Spending,*

California, 1991 to 2009, selected years

IN BILLIONS



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Notes: Dollar figures reflect both federal and state Medicaid spending. Enrollment counts include people in limited benefit programs (over one million enrollees in 2009).

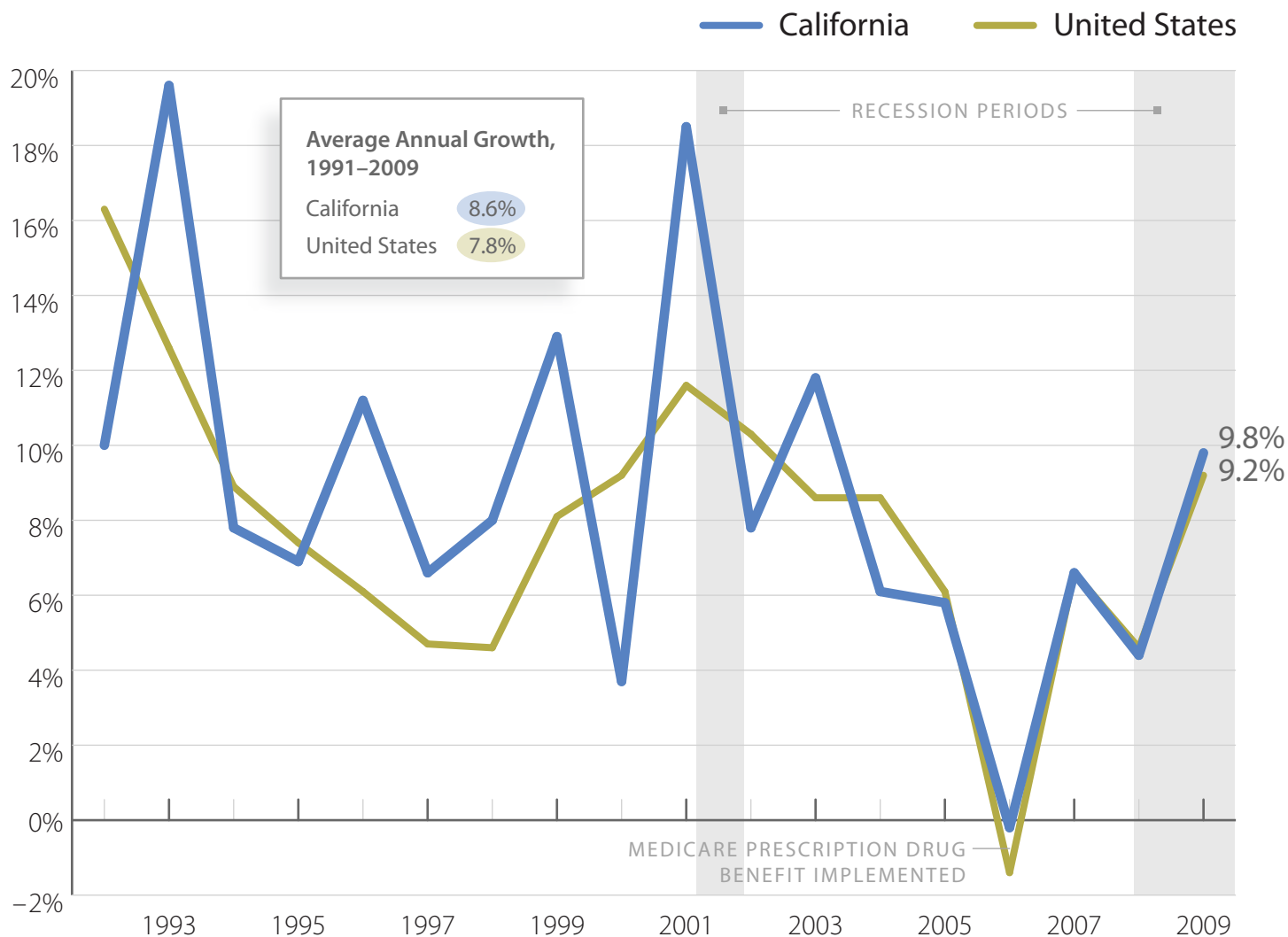
Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Health Care Costs 101

Payment Sources

Medicaid spending for California residents totaled \$38.9 billion in 2009. Over the past three years, spending grew at an average rate of 6.9% per year. Enrollment advanced an average of 2.3% per year during the same period.

Medicaid Health Spending* Growth, California vs. the United States, 1991 to 2009



Health Care Costs 101

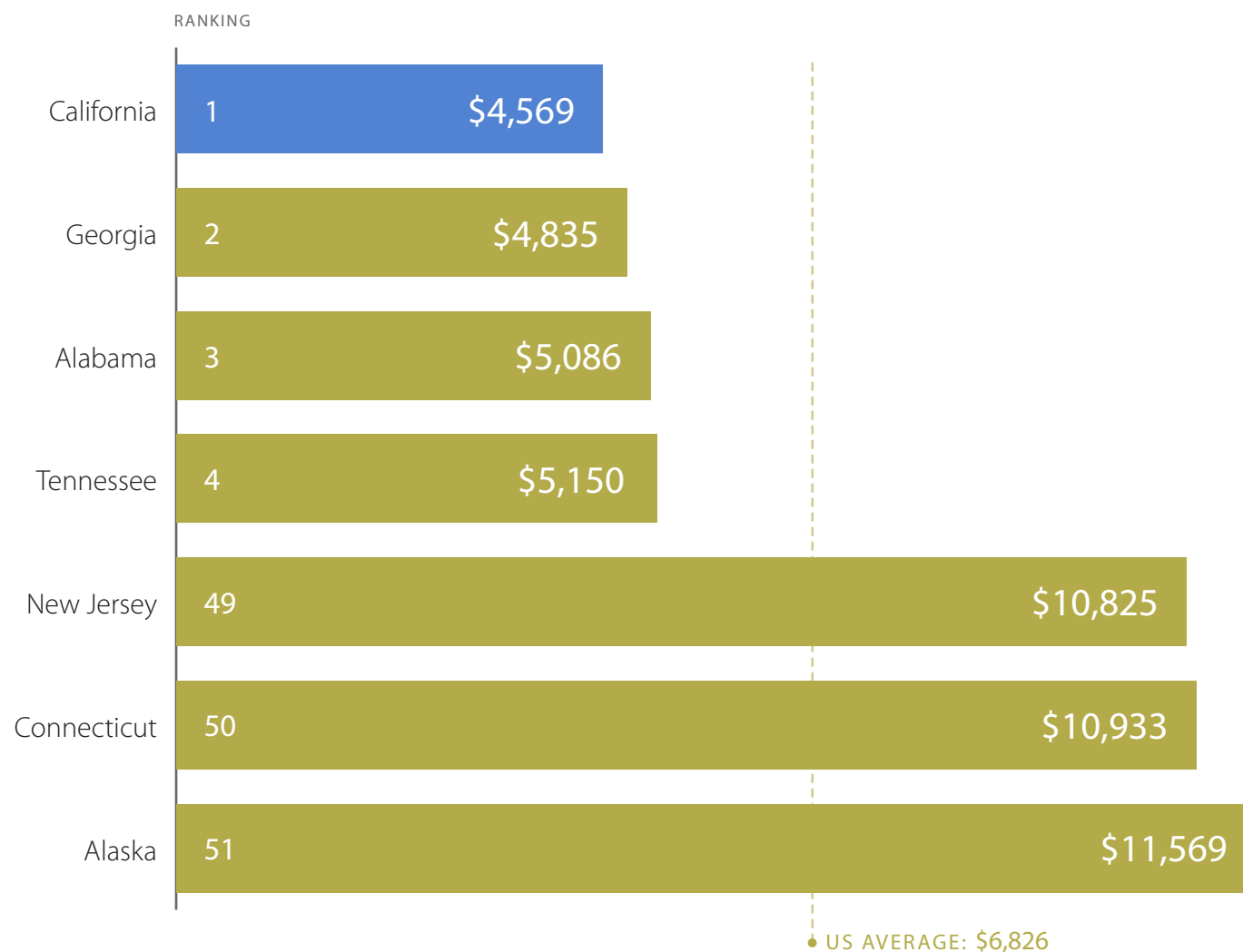
Payment Sources

During the recession years of 2008 and 2009, Medicaid spending in California increased 4.4% and 9.8% respectively. Despite some volatility, growth patterns in California have followed US patterns.

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov.

Medicaid Health Spending* Per Enrollee, Selected States, 2009



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Sources: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov. Medicaid Physician Fee Index, as reported on Kaiser Family Foundation State Health Facts, www.statehealthfacts.org.

Health Care Costs 101

Payment Sources

California health spending per Medicaid enrollee, \$4,569, was the lowest in the nation and 33% below the US average. Spending varied widely among states, with the highest spending states more than double California levels.

Note: California's Medicaid payment rates to physicians are 83% of the national average, making its payments the 5th lowest among the 51 states and the District of Columbia.

Medicaid Health Spending Per Enrollee, California, 1991 to 2009, selected years



*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS). See Appendix B for additional detail on spending categories.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov. Medicaid Physician Fee Index, as reported on Kaiser Family Foundation State Health Facts, www.statehealthfacts.org.

Health Care Costs 101

Payment Sources

California's Medicaid spending per enrollee has been among the lowest in the nation over an extended period of time. Per enrollee spending rose an average of 4.5% per year since 1991.

Note: California's Medicaid payment rates to physicians are 83% of the national average, making its payments the 5th lowest among the 51 states and the District of Columbia.

Data Resources

Economic Data

- Consumer Price Index, California Department of Finance
www.dof.ca.gov
- Medicaid Physician Fee Index, 2008
www.statehealthfacts.org
- U.S. Bureau of Economic Analysis (BEA), Personal Income Per Capita.
www.bea.gov

Journal Publication Authored by CMS Staff

- Martin Cuckler, Anne Martin, et al, "Health Spending by State of Residence, 1991–2009," *Medicare and Medicaid Research Review*, 2011: Vol. 1, No. 4.

National Health Expenditures

Centers for Medicare & Medicaid Services

- Overview
www.cms.gov
- Health Expenditures by State of Residence, 1991–2009
www.cms.gov
- Health Expenditures by State of Provider, 1980–2009
www.cms.gov
- Quick Definitions for National Health Expenditure Categories
www.cms.gov

Other Publications

- CHCF/NORC *California Employer Health Benefits Survey*, 2011.
www.chcf.org

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FOR MORE INFORMATION



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Appendix A: Health Spending Per Capita, by State, 2009

LOW TO HIGH	ALL	LOW TO HIGH	ALL	ALPHABETICALLY	ALL	MEDICARE	MEDICAID	ALPHABETICALLY	ALL	MEDICARE	MEDICAID
United States	\$6,815	Louisiana	\$6,795	United States	\$6,815	\$10,365	\$6,826	Missouri	\$6,967	\$9,724	\$8,398
Utah	\$5,031	Hawaii	\$6,856	Alabama	\$6,272	\$9,718	\$5,086	Montana	\$6,640	\$7,576	\$9,937
Arizona	\$5,434	Iowa	\$6,921	Alaska	\$9,128	\$8,812	\$11,569	Nebraska	\$7,048	\$9,138	\$8,228
Georgia	\$5,467	Missouri	\$6,967	Arizona	\$5,434	\$9,395	\$5,739	Nevada	\$5,735	\$9,692	\$6,003
Idaho	\$5,658	Wyoming	\$7,040	Arkansas	\$6,167	\$8,949	\$5,871	New Hampshire	\$7,839	\$8,763	\$10,302
Nevada	\$5,735	Nebraska	\$7,048	California	\$6,238	\$10,954	\$4,569	New Jersey	\$7,583	\$11,903	\$10,825
Texas	\$5,924	South Dakota	\$7,056	Colorado	\$5,994	\$8,727	\$7,038	New Mexico	\$6,651	\$8,120	\$6,409
Colorado	\$5,994	Ohio	\$7,076	Connecticut	\$8,654	\$11,086	\$10,933	New York	\$8,341	\$11,604	\$10,708
Arkansas	\$6,167	Florida	\$7,156	Delaware	\$8,480	\$10,421	\$6,679	North Carolina	\$6,444	\$9,741	\$7,275
California	\$6,238	Wisconsin	\$7,233	District of Columbia	\$10,349	\$11,157	\$10,487	North Dakota	\$7,749	\$7,958	\$10,111
Alabama	\$6,272	Minnesota	\$7,409	Florida	\$7,156	\$11,893	\$5,855	Ohio	\$7,076	\$10,300	\$7,469
Virginia	\$6,286	Maryland	\$7,492	Georgia	\$5,467	\$9,836	\$4,835	Oklahoma	\$6,532	\$10,000	\$6,265
South Carolina	\$6,323	New Jersey	\$7,583	Hawaii	\$6,856	\$7,652	\$5,852	Oregon	\$6,580	\$8,247	\$7,896
Tennessee	\$6,411	Vermont	\$7,635	Idaho	\$5,658	\$7,880	\$7,093	Pennsylvania	\$7,730	\$10,555	\$8,049
North Carolina	\$6,444	West Virginia	\$7,667	Illinois	\$6,756	\$10,615	\$5,773	Rhode Island	\$8,309	\$10,121	\$10,780
Oklahoma	\$6,532	Pennsylvania	\$7,730	Indiana	\$6,666	\$9,843	\$6,229	South Carolina	\$6,323	\$9,632	\$6,606
Mississippi	\$6,571	North Dakota	\$7,749	Iowa	\$6,921	\$8,461	\$6,887	South Dakota	\$7,056	\$8,148	\$6,938
Oregon	\$6,580	New Hampshire	\$7,839	Kansas	\$6,782	\$9,423	\$8,069	Tennessee	\$6,411	\$10,024	\$5,150
Kentucky	\$6,596	Rhode Island	\$8,309	Kentucky	\$6,596	\$9,634	\$7,089	Texas	\$5,924	\$11,479	\$6,469
Michigan	\$6,618	New York	\$8,341	Louisiana	\$6,795	\$11,700	\$6,371	Utah	\$5,031	\$8,326	\$7,293
Montana	\$6,640	Delaware	\$8,480	Maine	\$8,521	\$8,821	\$8,077	Vermont	\$7,635	\$8,719	\$7,389
New Mexico	\$6,651	Maine	\$8,521	Maryland	\$7,492	\$11,449	\$8,533	Virginia	\$6,286	\$8,772	\$7,088
Indiana	\$6,666	Connecticut	\$8,654	Massachusetts	\$9,278	\$11,277	\$8,278	Washington	\$6,782	\$8,497	\$6,018
Illinois	\$6,756	Alaska	\$9,128	Michigan	\$6,618	\$10,925	\$5,703	West Virginia	\$7,667	\$9,333	\$6,886
Kansas	\$6,782	Massachusetts	\$9,278	Minnesota	\$7,409	\$8,941	\$9,851	Wisconsin	\$7,233	\$8,908	\$7,584
Washington	\$6,782	District of Columbia	\$10,349	Mississippi	\$6,571	\$10,667	\$5,850	Wyoming	\$7,040	\$8,165	\$8,079

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS).

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence.

Appendix B: Health Spending* and Growth Rates, by Category

AGGREGATE	AGGREGATE SPENDING (IN MILLIONS)				DISTRIBUTION, 2009		AVERAGE ANNUAL GROWTH RATE			
	CALIFORNIA		UNITED STATES				1 YEAR: 2008 – 09		5 YEAR: 2004 – 09	
	2008	2009	2008	2009	CA	US	CA	US	CA	US
Personal Health Care	\$220,099	\$230,090	\$1,997,199	\$2,089,862	100.0%	100.0%	4.5%	4.6%	6.3%	5.7%
Hospital Care	\$73,083	\$76,628	\$722,144	\$759,074	33.3%	36.3%	4.9%	5.1%	6.0%	6.1%
Physician and Clinical Services	\$65,004	\$67,727	\$486,486	\$505,888	29.4%	24.2%	4.2%	4.0%	6.4%	5.1%
Other Professional Services	\$7,562	\$7,975	\$63,421	\$66,781	3.5%	3.2%	5.5%	5.3%	4.8%	5.9%
Dental Services	\$14,946	\$14,712	\$102,274	\$102,222	6.4%	4.9%	–1.6%	–0.1%	4.4%	4.6%
Home Health Care	\$8,600	\$9,113	\$62,080	\$68,264	4.0%	3.3%	6.0%	10.0%	10.4%	9.3%
Prescription Drugs	\$23,187	\$24,492	\$237,228	\$249,904	10.6%	12.0%	5.6%	5.3%	7.0%	5.6%
Other Medical Products	\$7,307	\$7,322	\$77,491	\$78,137	3.2%	3.7%	0.2%	0.8%	3.4%	3.8%
Nursing Home Care	\$10,510	\$11,360	\$132,824	\$136,971	4.9%	6.6%	8.1%	3.1%	7.8%	5.4%
Other Health, Residential, and Personal Care	\$9,901	\$10,760	\$113,251	\$122,623	4.7%	5.9%	8.7%	8.3%	7.5%	6.2%

PER CAPITA	PER CAPITA SPENDING, 2009			AVERAGE ANNUAL GROWTH RATE, PER CAPITA							
	CALIFORNIA		CA AS % OF US	CALIFORNIA				UNITED STATES			
	CA	US		1 YEAR 2008 – 09	5 YEAR 2004 – 09	10 YEAR 1999 – 09	18 YEAR 1991 – 09	1 YEAR 2008 – 09	5 YEAR 2004 – 09	10 YEAR 1999 – 09	18 YEAR 1991 – 09
Personal Health Care	\$6,238	\$6,815	92%	3.5%	5.5%	6.0%	4.8%	3.8%	4.7%	5.7%	5.3%
Hospital Care	2,077	2,475	84%	3.9%	5.2%	5.8%	4.3%	4.3%	5.1%	5.8%	4.7%
Physician and Clinical Services	1,836	1,650	111%	3.2%	5.6%	5.2%	4.0%	3.1%	4.2%	5.4%	4.9%
Other Professional Services	216	218	99%	4.5%	4.0%	5.1%	4.3%	4.4%	4.9%	5.7%	6.2%
Dental Services	399	333	120%	–2.5%	3.6%	4.8%	4.8%	–0.9%	3.6%	5.0%	5.3%
Home Health Care	247	223	111%	5.0%	9.5%	10.9%	11.0%	9.1%	8.3%	6.6%	7.6%
Prescription Drugs	664	815	81%	4.6%	6.2%	9.8%	8.7%	4.5%	4.6%	8.1%	8.9%
Other Medical Products	199	255	78%	–0.7%	2.6%	2.0%	2.0%	0.0%	2.9%	2.9%	3.2%
Nursing Home Care	308	447	69%	7.1%	7.0%	5.9%	5.5%	2.3%	4.4%	4.4%	4.7%
Other Health, Residential, and Personal Care	292	400	73%	7.6%	6.7%	8.2%	8.1%	7.4%	5.2%	6.4%	7.4%

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS).

Note: Other Professional Services consists of services provided in establishments operated by health practitioners other than physicians or dentists. Other Medical Products consists of durable and non-durable goods, excluding prescription drugs. Other Health, Residential, and Personal Care includes care provided in non-traditional settings, such as schools, field service hospitals, ambulances, substance abuse facilities. For additional details on definitions, see www.cms.gov.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence.

Appendix C: Health Spending* and Growth Rates, by Payer

AGGREGATE	AGGREGATE SPENDING (IN MILLIONS)		AVERAGE ANNUAL GROWTH RATE			
	2009	2008	1 YEAR 2008 – 09	5 YEAR 2004 – 09	10 YEAR 1999 – 09	18 YEAR 1991 – 09
PHC, All Payers						
California	\$230,090	\$220,099	4.5%	6.3%	7.0%	5.9%
United States	\$2,089,862	\$1,997,199	4.6%	5.7%	6.7%	6.5%
Medicare						
California	\$50,604	\$47,127	7.4%	9.9%	8.2%	7.8%
United States	\$471,260	\$440,758	6.9%	9.4%	8.6%	8.0%
Medicaid						
California	\$38,900	\$35,435	9.8%	5.2%	7.3%	8.6%
United States	\$345,669	\$316,476	9.2%	5.0%	7.3%	7.8%
Private and Other Government Payers						
California	\$140,586	\$137,537	2.2%	5.4%	6.5%	4.9%
United States	\$1,272,933	\$1,239,965	2.7%	4.7%	6.0%	5.7%

PER CAPITA / ENROLLEE	SPENDING PER CAPITA / ENROLLEE		AVERAGE ANNUAL GROWTH RATE PER CAPITA / ENROLLEE			
	2009	2008	1 YEAR 2008 – 09	5 YEAR 2004 – 09	10 YEAR 1999 – 09	18 YEAR 1991 – 09
PHC, All Payers Per Capita						
California	\$6,238	\$6,024	3.5%	5.5%	6.0%	4.8%
United States	\$6,815	\$6,566	3.8%	4.7%	5.7%	5.3%
Medicare, Per Enrollee						
California	\$10,954	\$10,492	4.4%	7.4%	6.2%	5.9%
United States	\$10,365	\$9,930	4.4%	7.1%	6.8%	6.3%
Medicaid, Per Enrollee						
California	\$4,569	\$4,353	5.0%	3.7%	2.0%	4.5%
United States	\$6,826	\$6,705	1.8%	2.3%	2.5%	3.7%

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS).

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence.

Appendix D: Health Spending* Growth, by Payer and Category

	AVERAGE ANNUAL GROWTH RATE								AVERAGE ANNUAL GROWTH RATE							
	ALL PAYERS				PRIVATE AND OTHER GOV'T. PAYERS				MEDICARE				MEDICAID			
	1 YEAR 2008–09	5 YEAR 2004–09	10 YEAR 1999–09	18 YEAR 1991–09	1 YEAR 2008–09	5 YEAR 2004–09	10 YEAR 1999–09	18 YEAR 1991–09	1 YEAR 2008–09	5 YEAR 2004–09	10 YEAR 1999–09	18 YEAR 1991–09	1 YEAR 2008–09	5 YEAR 2004–09	10 YEAR 1999–09	18 YEAR 1991–09
California																
Personal Health Care	4.5%	6.3%	7.0%	5.9%	2.2%	5.4%	6.5%	4.9%	7.4%	9.9%	8.2%	7.8%	9.8%	5.2%	7.3%	8.6%
Hospital Care	4.9%	6.0%	6.9%	5.4%	3.9%	6.3%	8.5%	4.6%	4.2%	7.2%	6.0%	6.1%	8.5%	3.7%	4.7%	6.5%
Physician and Clinical Services	4.2%	6.4%	6.2%	5.1%	1.7%	6.2%	5.8%	4.5%	11.9%	6.3%	7.5%	7.0%	9.4%	7.7%	6.8%	8.2%
Other Professional Services	5.5%	4.8%	6.1%	5.4%	4.7%	3.9%	6.5%	4.5%	7.4%	8.8%	5.3%	12.8%	15.9%	5.2%	1.8%	2.4%
Dental Services	–1.6%	4.4%	5.8%	5.9%	–2.8%	4.7%	6.2%	5.7%	45.5%	27.7%	0.5%	15.4%	20.6%	0.8%	2.0%	9.1%
Home Health Care	6.0%	10.4%	11.9%	12.1%	–60.3%	–22.8%	–14.4%	–6.1%	12.1%	10.7%	13.1%	11.6%	10.8%	15.2%	19.9%	40.7%
Prescription Drugs	5.6%	7.0%	10.8%	9.9%	5.5%	4.8%	10.1%	8.7%	9.4%	72.7%	30.1%	31.2%	–2.9%	–12.2%	0.4%	5.5%
Other Medical Products	0.2%	3.4%	3.0%	3.1%	0.9%	2.5%	2.1%	2.4%	–8.0%	5.8%	7.6%	7.4%	9.2%	11.6%	9.1%	7.8%
Nursing Home Care	8.1%	7.8%	6.9%	6.6%	5.9%	5.2%	3.4%	4.3%	9.0%	13.4%	11.6%	11.8%	10.2%	7.7%	10.0%	7.8%
Other Health, Residential, and Personal Care	8.7%	7.5%	9.2%	9.3%	1.4%	4.6%	6.2%	6.6%	4.8%	8.0%	9.9%	6.8%	16.3%	10.3%	12.8%	13.7%
United States																
Personal Health Care	4.6%	5.7%	6.7%	6.5%	2.7%	4.7%	6.0%	5.7%	6.9%	9.4%	8.6%	8.0%	9.2%	5.0%	7.3%	7.8%
Hospital Care	5.1%	6.1%	6.8%	5.8%	3.1%	6.0%	7.0%	5.1%	5.9%	5.9%	6.1%	6.3%	10.2%	6.9%	7.4%	7.6%
Physician and Clinical Services	4.0%	5.1%	6.4%	6.0%	2.2%	4.5%	5.9%	5.5%	7.3%	6.5%	7.5%	7.2%	11.9%	7.6%	8.6%	8.6%
Other Professional Services	5.3%	5.9%	6.7%	7.3%	3.0%	4.6%	5.4%	6.1%	10.5%	11.5%	11.2%	13.6%	16.6%	6.6%	12.3%	12.4%
Dental Services	–0.1%	4.6%	6.0%	6.4%	–1.5%	4.1%	5.6%	6.2%	30.6%	32.5%	14.1%	17.6%	22.8%	12.3%	12.8%	11.9%
Home Health Care	10.0%	9.3%	7.6%	8.7%	9.0%	–0.7%	–2.8%	3.2%	11.0%	13.9%	13.8%	10.9%	9.2%	12.3%	15.2%	13.5%
Prescription Drugs	5.3%	5.6%	9.1%	10.1%	4.3%	3.0%	7.3%	8.8%	8.8%	74.6%	39.8%	35.5%	5.6%	–11.0%	1.9%	6.9%
Other Medical Products	0.8%	3.8%	3.8%	4.3%	1.1%	3.5%	3.1%	3.7%	–3.7%	4.3%	7.3%	7.5%	8.2%	8.7%	10.1%	10.4%
Nursing Home Care	3.1%	5.4%	5.4%	5.8%	1.2%	5.6%	4.1%	4.7%	7.7%	10.6%	12.0%	15.9%	3.1%	2.5%	4.5%	4.7%
Other Health, Residential, and Personal Care	8.3%	6.2%	7.4%	8.6%	6.7%	5.4%	6.7%	7.8%	8.9%	8.5%	10.7%	9.3%	9.6%	6.7%	7.9%	9.3%

*Personal health care (PHC), as reported by Centers for Medicare and Medicaid Services (CMS).

Note: Growth computations based on aggregate spending.

Source: CMS, Office of the Actuary, State Health Expenditures by State of Residence.